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ABSTRACT

This document consists of eight presentations with responses given at the second in a series of symposia sponsored by the Japan-America Society of in a series of symposia sponsored by the Japan-America Society of Hawaii. Having emerged as an economic superpower, Japan's role on the global stage is still finding its full range and is a topic of great concern to the international community, while Japan's political, economic, cultural, and technological impact affects the lives of individuals on every continent. The speakers represented a mix of exports in all these areas from Japan and the United States. The presentations are grouped under four headings. They are: "Political and Strategic Decisions" (Makoto Momoi, Robert Scalapino; respondent William Wise); "Economic Directions" (Kazutami Yamazaki, Urban Lehner; respondent James Kelly); "Scientific & Technological Impacts" (Tetsuya Endo, Glen Fukushima; respondent Ronald Hays); and "Social & Cultural Influences" Hidetoshi Kato, Thomas Kasulis; respondent Fumiko Mori Halloran). Certain educational issues are also discussed in this last section, notably ways in which Japanese practices of cooperative learning and of teaching morality in the classroom without tying it to religion might serve to temper America's extreme emphasis on individualism and competetiveness as well as the fixed idea that morality and religion are inseparable. The document also includes a preface, foreword, summary, and list of participants. (LBG)

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Japan's Global Role

The Japan-America Society of Hawaii

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The East-West Center
The Center for Japanese Studies at the
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October 25-26, 1991

Keoni Auditorium
Hawaii Imin International Center
at Jefferson Hall, East-West Center
Honolulu, Hawaii

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Japan's Global Role

PROCEEDINGS FROM THE SYMPOSIUM

October 25 & 26, 1991

Jefferson Hall, East-West Center

Sponsored by
The Japan-America Society of Hawaii
in cooperation with
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PREFACE

The symposium presented in these pages on the topic of "Japan's Global Role" is the second in a series sponsored by the Japan-America Society of Hawaii. Attended by a diverse group representing Honolulu's professional and academic community, the symposium was held on October 25 & 26, 1991, at the Keoni Auditorium, Jefferson Hall, East-West Center. We gratefully acknowledge the cooperation of the East-West Center, the Center for Japanese Studies at the University of Hawaii, the Wo International Center at Punahou School, the Pacific and Asian Affairs Council, and the corporate support of Daiei/Equitable, the owners of Honolulu's Ala Moana Center and Outrigger Hotels Hawaii. From Japan we benefitted from the encouragement and support of the Center for Global Partnership, a branch of the Japan Foundation.

This topic, of great concern to the international community, holds high priority in the minds of statesmen and commentators in Japan. Having emerged as an economic superpower, Japan's voice on the global stage is still finding its full range. In an increasingly interconnected world Japan's political, economic, cultural and technological impact affects the lives of individuals on every continent. When events unfold in our turbulent times, when crises occur, Japan can only be passive at its peril. If passive, Japan is seen as not shouldering its international responsibilities. If its voice is strong and decisive, Japan also faces challenges.

To examine Japan's role in the 1990's and beyond, we gathered in Honolulu experts from Japan and the United States who comment from a variety of perspectives - political, strategic, economic, scientific and cultural.

The speakers represented a mix of distinguished scholars, diplomats, security experts, journalists and spokesmen for science and technology. Their charge was to present the issues from a broad perspective in terms accessible to the general participant interested in Japan and its future. While the logistics of the symposium required us to limit the panel to a bilateral group, representing Japan and the United States, the scope of the comments goes beyond the two nations.

This publication represents an edited transcription, preceded by a foreword by Professor Robert Sakai of the University of Hawaii, and concluded by a summary authored by Richard Hal-

loran, Director of Special Projects at the East-West Center.

We hope that this symposium helps to illuminate Japan's present and potential role and provides a helpful basis for a continuing dialog.

Siegfried Ramler
Symposium Chairman
The Japan-America Society of Hawaii

FOREWORD

The sudden unravelling of the Soviet Union and the Communist bloc in Eastern Europe have made irrelevant many of the assumptions on which nations have developed their foreign policies during the past four decades. We are now released from the Cold War psychology, and we look forward to a new world order which is yet to be defined. Such a definition involves the fate of nations and the lives of individuals, and if it is to be a world in which peace, stability, economic well-being and respect for human rights prevail, there must be multinational coordinated plans to make it happen.

The two nations to whom global leadership must be entrusted are the United States and Japan, for it is they which especially have the resources to make a difference as to the way the new world evolves. It was with these thoughts in mind that the symposium on "Japan's Global Role" was held in Honolulu, on October 25-26, 1991. The focus was on Japan, but naturally the discussion at various points touched on Japan-United States relations. While the expectations of the two nations are great, ironically Japan heretofore has been reluctant to exercise international leadership, and in fact has been constrained from doing so by external and internal factors. The United States, which has carried the major burden of leadership until now, is burdened with a huge national debt and economic problems. Moreover, the Cold War's end seems to have triggered increased tensions between the two Pacific powers. Thus the difficulties pertaining to the assumption of global leadership are indeed formidable.

The format for the four panels of the symposium provided for a Japanese viewpoint and an American viewpoint, though each presenter spoke for himself, not from an official position. A respondent followed with comments evoked by the presentations. The general question and answer discussions further extended the analysis of issues presented by the panelists, though time constraints foreshortened this aspect on the last day.

The outstanding characteristic of the two day conference was the frank and open expressions of the participants and their willingness to illuminate their nation's shortcomings, along with strengths, and their recognition that certain institutional and attitudinal changes were necessary. What was made clear is that objective self-criticism must be preliminary to preparations for playing an effective global role. In the first session, "Political and

Strategic Directions," Makoto Momoi pointed out that while Europe was moving towards unity Asia was still a mixture of communist and non-communist nations where the bitterness of recent wars still smouldered and suspicions of each other precluded common agendas. Though Japan has played a major role economically and technologically in Asia and still can do more, Japan's political leadership is weak, the political system is "immature, " and there are domestic and external psychological inhibitors to Japan's active leadership in the Asia sphere.

Robert Scalapino, on the other hand, while acknowledging the diffusion of decision-making power in Japan, noted that Japan's capacity to render financial aid was a tremendous leverage to move recalcitrant nations towards more peaceful and humane policies. There are certain multinational regions where Japan's influence could be paramount, others where coordinated action with the United States would be most effective, and still others where local leaders must first make the key decisions.

A third perspective on the Asia-Pacific situation was presented by Colonel William Wise. The stability provided in Southeast and East Asian regions by the presence of the U.S. military, he believed, was a necessary condition for the remarkable economic development of several countries in the area. While there would be some redeployment of forces, the U.S. will continue to be a military deterrent to aggressive actions, and this assurance in turn would make the other Asian nations more receptive to Japan's leadership.

The session on "Economic Directions" featured two economic journalists who work in the same building in Tokyo, though for rival companies. Kazutami Yamazaki is Senior Staff Writer of *Nihon Keizai Shimbun* (the leading economic periodical in Japan) while Urban Lehner is the Tokyo Bureau Chief of *The Wall Street Journal* and the *The Asian Wall Street Journal*. The *Nihon Keizai Shimbun* makes space available for *The Wall Street Journal* in Tokyo, and the reverse is true in New York, a symbolic case of binational cooperation and interdependence.

Yamazaki concisely listed the areas of economic responsibility which Japan should assume, and he emphasized the importance of U.S.-Japan partnership which has been subjected to considerable stress, especially since the end of the Cold War. To mitigate these problems and to enable Japan to assume her proper global

role Yamazaki proposed a number of domestic reforms for his country, and he surprised his American audience by his candor. An analysis of Japan's current economic problems and their causes was provided by Lehner. In his opinion "gaiatsu" (foreign pressure) was necessary to stir Japan from her internal concerns to an awareness of the impact of their domestic policies on other nations. He noted the positive impact of Japanese investments in Asia, and he predicted a strong economic recovery for Japan, which would again raise the question of what she should do with her excess cash.

James Kelly observed that democracy in Japan is not absent, but it is unlike American democracy. As for Japan-America trade disputes, he found comfort in the fact that in America consumer interests and manufacturing interests balanced each other. Thus, we may hope, Japan-bashing will not get out of hand. However, in his opinion, the assumption of global responsibilities will be a real test of the flexibility of Japan's political system because it lacks a mechanism for crisis management.

Basic to Japan's astounding economic development is the advanced state of her science and technology. This was the theme of the third session. Ambassador Tetsuya Endo observed that the shocking impact of technological breakthroughs in the past had been mitigated by the time gap between major innovations. Now, however, scientific and technological developments of major import are coming so fast as to cause international instability and insecurity. One need only to be reminded of the danger of the proliferation of nuclear weapons. Of course, technological changes also have provided the means to bring nations closer together. In the area of mutual exchange of scientific and technical information, Endo acknowledged the existence of the problem of imbalance, which it is incumbent on Japan to correct.

Glen Fukushima agreed that the exchange was asymmetrical, but the blame should not be totally placed on Japan. Part of the problem of access to Japanese scientific and technological information was the inability of most Americans to delve into Japanese language materials. There are also institutional practices and processes in both countries which prevent a smooth transmission of intellectual property from one country to the other. While many people consider the proliferation of multinational corporations and the blurring of national borders as desirable

trends, Fukushima cautioned that interdependence can also breed the danger of over-dependence. Techno-nationalism is generally to be decried, but in cases involving national security it may be justified.

An optimistic note on Japan-America relations was struck by Admiral Ronald Hayes. Critics have attributed Japan's successes to free-riding on American scientific achievements, but while it was a factor, it was, Hayes reminded, only one of many factors. He believed also that Japan's weakness in basic research is overly emphasized, for Japan has already made strides in correcting this deficiency, besides which the line between basic and applied research cannot be distinguished in some cases. On balance Hayes credited Japan for positive handling of the Japan-United States relations.

Japan's social and cultural influence on the world, the subject of the fourth session, has been puzzling to Japanese because of its deficiency. Hidetoshi Kato contrasted the enthusiastic adoption by Japan of American culture in its various forms with the lack of popular response in the West to Japanese culture. Despite the concerted efforts of the government to demonstrate Japanese culture in other countries the appreciative audiences have been limited to the sophisticated few. However part of the problem, as suggested by Kato, is due to the lack of confidence among Japanese in the universality of appeal of their culture. Ukiyoe, the Japanese woodblock prints, for that reason was not promoted by the Japanese; it was discovered and imitated by the French impressionist painters. Similarly, the huge success of the Japanese television series, "Oshin," was due to the efforts of Ambassador Wei of Singapore who first secured its release for showing in his homeland. Implicit in Kato's message is the idea that Japanese should be less self-conscious of the uniqueness of their cultural attributes and be more open to sharing their culture with the rest of the world. It might be added that, just as Western importations often have been radically "Japanified," Japanese should not be offended if aspects of their culture are adopted in other countries and popularized in unexpected ways.

It is probably basic human nature that people seek respect from others, but perhaps in Japan this is given greater weight than in a culture which emphasizes the individual, his worth and his rights. In Japan the individual's self-esteem is greatly

enhanced by group acceptance and group approval, and in the same way the Japanese as a collectivity seek approval and encouragement from the other advanced nations. However, despite her efforts to please, says Tom Kasulis, Japan has been criticized for indecision, for giving too little too late, and so forth. These negative appraisals often are the product of simplistic stereotypic analyses of who the Japanese are and what motivates them,-the idea of Japanese as "economic animals," for example. Kasulis attributed this lack of understanding to mental laziness, an unwillingness to stir from a one-dimensional perspective. He also decried American cultural-centrism which prevents us from acknowledging the beneficial contributions from alien cultural sources. In a culture-centered society, it must be said, it is difficult even to entertain the notion that the value system of another society may have merit equal to, and perhaps in some respects surpassing, one's own. In this respect in Japan historically culture often is servant to the national polity, thus the adoption of foreign ideas is much less a denigration of one's way of life.

Fumiko Mori Halloran agreed with the inherent difficulty of attaining understanding of a different culture, but Japanese must continue their efforts to make social and cultural contributions to the world. The Japanese have a three word expression: *mono* (things), *kane* (money), and *hito* (people). Japan has made considerable contributions of *mono*, and *kane*, but now it is time for the third phase, which according to Halloran is the most difficult because while the first two are inert and culture-neutral, the third is culture-laden and unpredictable. In recent years there has been much discussion of "kokusaika," the need for Japan to internationalize, but there was no consensus as to its meaning. Now reality has been thrust upon her with the sudden influx of tens of thousands of Asian workers who have come to provide the labor of which Japan is in short supply. Halloran believes this has given an "Asianization" twist to kokusaika, as contrasted with the hitherto "Westernization" thrust. Learning more about Asia and the Asians has become a necessity.

Thanks to the excellent presentation of the panelists, the symposium made the attendees, both Japanese and Americans, much more aware of global responsibilities and the importance of self-reflection and self-correction if we are to be contributors

to a better world. Through the publication of this booklet it is hoped that a broader readership will also profit from the proceedings of the symposium.

Robert K. Sakai

I. POLITICAL AND STRATEGIC DIRECTIONS

Makoto Momoi

Adapting to the New World Order

Changes in the global security environment have been so drastic and far-reaching that no country, perhaps excluding the United States, the single surviving military superpower, knows exactly how to adapt itself to a new world order. The changes are still in progress, transforming the basic nature of the global security spectra--the end of East-West confrontation, the demise of communism, the eclipse of Soviet military power and, above all, the impact of the proposed Bush-Gorbachev plan to shift the strategy of mutual nuclear deterrence to cooperation in reciprocal arms control.

It is thus grossly premature to expect too much now of Japanese policy-makers who are known for their unenlightened perspective on global affairs in general and the security environment in particular. For most of them, a global role for Japan is something they can only talk about without really addressing themselves to the subject. True, the Japanese press editorializes on the import of the subject and academics call for active policies, but they themselves seldom base their opinions on the realities that limit what Japan can do.

For one, they know too well and therefore are embarrassed at--even ashamed of--the fact that their country still remains "half-a-country," alias a nation, economically powerful but politico-psychologically immature. For another, the general public, unwittingly indifferent to the realities, is quite satisfied with freedom that is an escape from international obligations and responsibility. Policy-makers who are by nature swayed by public opinion feel comfortable--and safe in their political survival--in referring to Japan's global role only as part of the opening remarks of their campaign speeches.

If confronted, however, with an urgent need under external pressure, Japanese policy-makers defer decisions by resorting to the traditional techniques of politicking, i.e., prolonged debate over constitutional and legal appearances rather than on

how to make good on Japan's obligations. In a sense, this is inevitable in a country where the words "noblesse oblige" have been dead since the war ended on the deck of the battleship Missouri in September, 1945.

This sorry state of affairs in Japan's political life, however, is beginning to undergo a subtle change. Already listed in the household vocabulary is the phrase "kokusai koken" (lit, international contribution), meaning how to fulfill responsibilities to and meet obligations in the global community. Witness the recent case in which a candidate was chosen to succeed the incumbent prime minister; an influential conservative party leader formally interviewed three candidates and asked, among other questions, their respective views on kokusai koken.

Whether this implies a conceptual change in Japanese leadership is uncertain. But it is quite certain that the new prime minister, Kiichi Miyazawa, will be in a better position than his predecessors to take action, not just to offer lip service. Better, he can put kokusai-koken at the top of his list of political priorities so as to minimize the risk to his survival by being entangled in complex domestic issues.

Furthermore, the prime minister-nominate is well known for his expertise in and penchant for international affairs. He also enjoys public recognition as one of the few political leaders who have been personally involved in a series of economic and security negotiations with Washington since the Occupation. Now, in an ironic twist of history, Prime Minister Miyazawa, who was once instrumental in asking the United States to station troops in Japan, may have to deal with, as one of his first orders of business, a most delicate question: When and how the U.S. military deployment, if not its strategic commitment, to Japan will be reduced below the cut of 5,000 troops already announced.

More importantly, Japan inevitably will face a critical issue before it even thinks of a global role: How to adapt itself to changes in the strategic environment in Northeast Asia. Any review of the regional strategic environment, in turn, requires a careful look at its basic difference from that in Europe:

(1) In the Asian-Pacific region, what matters most in security is the sea, i.e., naval deployments, operations and weapon systems, including those of naval air. Because most nations in

the region are either insular or peninsular, and all of them heavily depend on the safety of sea lines of communication, or SLOC, even the Bush proposal on arms control may not lead to a substantial reduction in the deployment of the two supernavies, those of the U.S. and the USSR.

(2) The region includes three communist regimes, China, North Korea, and Vietnam, that have been extremely slow in adapting themselves to changes in the regional and global security environments. So long as they remain non-democratic and stay out of the emerging arms control regime, the region must live with uncertainties that might lead to local conflict at any time.

(3) Absent in the region is a forum for collective dialogue among its democracies, an AC (Asian Community) or an APTO (Asia Pacific Treaty Organization). Until and unless the U.S., the anchorman in a series of bilateral security pacts, disengages itself completely from the region, such a forum may not be necessary. Or even if the U.S. does disengage, the region may still not reach a consensus on the merits of creating a collective mechanism for dialogue; the legacy of World War II may linger on, or new regional feuds might prevail.

(4) Above all, the region has yet to find a personality with a quality for gifted leadership and a Messianic (or Buddhistic) sense of mission. He may emerge, if the region is lucky, in another generation for whom the current changes will be a part of history.

(5) Finally, there is no Berlin Wall to destroy; when and how the termination of the ideological and socio-political division will begin is unknown. (The elimination of the demilitarized zone, or DMZ, in Korea doubtless will lead to Korean unity but not necessarily and immediately to a region-wide disintegration of communism).

Japan's Potential Role

Against this geopolitical background, Japan could play only a limited role. For instance, it could make a marginal contribution by persuading Pyongyang to provide more transparency about its nuclear facilities. Japan could seek to dissuade Beijing from going too far in its military buildup while declining to

participate in an arms control regime at the same time it asks for substantial aid from the democracies for economic development.

But a century may pass before the Japanese will develop a sense of noblesse oblige. Japan may not be able to name a Japanese candidate to be a regional leader even in the 21st century.

Neither can Japan adopt the concept of an Asian Community, an AC to parallel the European Community, or EC, nor an Asia-Pacific Treaty Pact, or APTO, to go alongside the North Atlantic Treaty Organization, or NATO. As the years go by and barriers are removed, the former might be accepted by other nations in the region that may, in turn, invite Japan in. The latter, however, is either anachronistic in the post cold-war period, or too provocative to the non-democracies, or too unattractive to Washington, which has had ambivalent experiences with NATO.

In short, Japan is hardly qualified to take the initiative in the region, much less to think of playing a major role in a global context. On the other hand, Japan as a traditionally maritime nation might feel comfortable in helping to establish and maintain a regional naval arms control regime. That regime would be designed primarily to reduce maritime uncertainty and to encourage a stable balance at a lower level in the regional presence of the two supernavies. Japan could also,theoretically, contribute to the modernization of functional systems, e.g. surveillance devices (underwater and space-based).

Japan's high-tech and economic potential would be useful for such purposes, even if marginally, the former for maintenance and transfer of technology and the latter for sharing cost outlays. Japan's economic contribution in the form of aid programs in general to the littoral states could be utilized, if Japan's neighbors agreed at a collective arms control caucus, as a lever to enhance a naval arms control regime.

In fact, that would be virtually the sole contribution that could be made by the "half-a-country" of Japan for whom military options are out of the question. In the half-century since the attack on Pearl Harbor, Japan has learned precious lessons, including a fundamental one that it ignored before December 7, 1941, which is the folly of excessively relying on

military power either to advance or to protect national interests. In the post-war decades, Japan also witnessed a series of unsuccessful ventures by others, however powerful and sophisticated they might have been in the projection of military power.

An exception, one might argue, has been the overwhelming victory of the U.S. and its multilateral allies in the Gulf War–true, in a tactical sense. But in strategic terms, a true victory can be declared only if and when Iraq, Israel and other regional states agree on peaceful coexistence.

The disintegration of the Soviet Union has also proved what Japan has seen as a real picture of today's security; one cannot buy genuine national security with military power alone. At the same time, weapons with sophisticated delivery systems and the potential for massive destruction will remain in the hands of some unenlightened leaders. The arms trade and high-tech transfers will continue outside a regime of self-restraint and an international accord for restricting them.

Those are the very foci at which regional attention must be directed now that:

(1) The Soviet Union has ceased to be a source of coercive military action;

(2) The three Asian non-democracies desperately resist the ideological spillover from Moscow and keep building armaments without relinquishing their nuclear appetites and yet still eagerly seek foreign aid;

(3) Asia's democracies are at least psychologically prepared for accommodation with almost all changes the U.S. might adopt in line with the Bush Initiative and a Tokyo Declaration expected to be announced late next month. Incorporated in that declaration will be a reconfirmation of the partnership, alias alliance, with America's contemporary allies in the region. But that alone may not diminish regional uncertainties remaining in an era when the target of the alliance is not so much a Soviet threat as the causes of regional frictions, i.e., irredentism, offshore resources, refugees, environmental problems and, above all, the inflexibility of the non-democracies.

What perpetuates the uncertainties, furthermore, is the general trend among the regional states for naval expansion in sophisticated weapons, in part reflecting their respective security perceptions. For instance, there is China's naval expan-

sion from a coastal to a blue-water potential with 94 submarines and 56 major surface combatants. Even taking into account its obsolescence, the Chinese navy's size is impressive to outside observers and extremely expensive for Beijing. These two factors are normally sufficient reason for a rational navy planner to turn to arms control measures on a reciprocal basis.

Japanese Perceptions in Transition

What can and should the regional democracies do in encouraging, if not coercing, the non-democracies? If there are effective, if marginal, measures, can they promote Japan's role in a global context?

To begin with, the democracies should adjust or modify their own past concepts to the emerging changes in the security environment. No longer, for instance, can they rely on superpower cards; the two nuclear giants will maintain only the minimum posture needed for nuclear deterrence and the preparedness needed to deal with remotely plausible accidental wars. The uncertainties, as they linger, will inevitably breed and, worst of all, perpetuate regional instability. In the distant past, they were more or less unmanageable; hence they eventually escalated into crises and often into regional armed conflict, with the external powers intervening one way or the other.

No longer will this formula of the cold war work; neither will a posture of laissez faire even if regional and/or extra-regional states do so wish. In the region are plenty of causes for friction that might be exploited by the three surviving communist governments that resist revolutionary change. This situation clearly requires well-orchestrated coordination of countermeasures by the regional democracies. But that is not understood by Japanese policy-makers who since 1945 have preferred an expedient, hands-off posture to active, positive participation in regional affairs.

For one thing, those policy-makers instinctively lean backward whenever they face an actual, even potential, crisis either in or outside the region, e.g., the Vietnam and Gulf wars. For another, two key words in the international community, obligation and responsibility, are alien to the majority of the

Japanese public, except as applied to domestic matters. The last thing policy-makers will do is to ignore so-called public opinion.

Primarily for external consumption, Japanese politicians refer to the reality that Japan, as a relatively advanced industrialized nation, immensely owes to and depends on the international community in general and the region in particular. They point to cultural inputs, scientific innovation, sources of supply, market access and security of the sea lanes. But on active policies, most Japanese politicians make only extremely reserved statements; they seem to have failed to learn the important lessons of a series of historical events of late, i.e. the fall of the Berlin Wall, the Gulf War, the August Revolution, and the Bush Initiative.

Even if they are aware of what Japan should do, they are obsessed with what it cannot do. They are not sufficiently familiar with what Japan can do and what changes it may face.

(1) Negative factors: Japan's antiwar sentiment, alias antimilitarism, more often than not is too deeply ingrained in the public mind to be uprooted even by maximum external provocation, much less by preaching about responsibility and obligation. It reflects not so much a constitutional interpretation or successful brainwashing by the mass media as an overwhelming, if unenlightened, public belief that military power has built-in limits in protecting life and improving living standards.

Hence:

a) No military action overseas: It is beyond the wildest imagination to expect or suspect that contemporary Japanese generations will abruptly favor a substantial Japanese military buildup or operations overseas. Witness, for example, the series of abortive government attempts to send even a medical group and transports for refugees during the Gulf War, or the heated debates on the pros and cons of proposed Japanese participation in a United Nations peacekeeping force.

b) Manpower shortage: Perhaps the major barrier to a military buildup is a demographic reality that defies any countermeasure. Because Japan's birth rate is dropping steadily, male labor (or military manpower) is declining. Moreover, young men

prefer civilian jobs in industries that are increasingly short of labor and must depend on foreign workers. The options left for the defense community are limited; a substantial replacement of men in non-combat jobs by female volunteers; or maximum automation of sophisticated arms, which ironically need technologically skilled manpower that is scarcely available in the current high-tech labor market. Alternatively, defense authorities should seriously consider a reorganization of force structure by reducing manpower levels in a unilateral disarmament program, but without publicizing it.

c) Lack of leadership: Japanese politicians, bureaucrats, academics, and younger policy-makers generally show little interest, if any, in defense affairs. The majority of them defer to public opinion and some make no effort to understand the military realities of the outside world. Debates in the Diet are generally confined to legal aspects of the Status of Forces Agreement or to host-nation support. Only a handful of these leaders seem to be comfortable in discussing weapon systems or operations. Thus indecision and inaction prevail in political leadership even on a proposal for committing self-defense force personnel to a peacekeeping or non-combat mission overseas.

(2) Positive factors: If incapable of performing military-oriented tasks overseas, particularly in the region, Japan could offer a few proposals to bear responsibility and share obligations:

a) A negative but discrete restriction on military hardware and software transfers to non-democracies as well as positive transfers in training and exchange of professionals in high-tech fields among democracies under an arms control accord.

b) Existing official developmental assistance and other programs can be managed so as to encourage socio-political democratization, market-oriented economies, accommodation with arms control measures, and, above all, continuous dialogue among nations in the region. A helping hand even to an ex-communist country may contribute to the partial reduction in the element of uncertainty. However well designed, no aid will be a panacea, but it could help alleviate the pain of a neighbor with a malignant illness.

c) Arms control and crisis management: One of the few pro-

jects in which Japan could take a technological initiative is a mechanism for arms control and crisis management, either unilateral, regional or in a wider context. By nature, that would be programmed to lessen tension and uncertainties.

In sharp contrast to a loose, politico-strategic consultative forum, the mechanism should be a tight, collectively-managed system. It would be required to manage its integral technological subsystems, e.g. recon optical/laser satellites, pilotless fixed-wing surveillance planes, underwater submarine detection and identification devices. All should be linked with ground stations for analyses and with regional communication system (via satellite) for instant dissemination of data.

In all or most of such operations, Japan's high-tech hardware and Japanese professionals and their know-how may be of substantial help. In addition, Japan would agree to cover a good part of the necessary cost in accordance with a regionally agreed-upon formula.

Pessimism, With a Glimmer of Optimism

In retrospect, one must confess that for decades Japan has indulged in complacency, being egocentric and sometimes masochistic, containing itself in a self-imposed diplomatic low posture and addressing itself to nothing but commercial profits. Its policy if any, has always been responsive and reactive and has invited, more often that not, international criticism for seeming to do little too late. Japan's trade and resource hunting, on the other hand, have never failed to bring into disrepute the nation as the most aggressive and self-assertive in the world.

Japan's security policy has depended on Washington's whim except in recent cases of high-tech weapon production. But that has been not so bad as it might have looked. In cost-effectiveness, it was more economical for a nation that had lost its national pride along with its military potential in 1945. Whatever the emotional and academic criticism against U.S.-Japan security ties, the pan-Pacific alliance has indeed proved to be a wise option in realpolitick. A question Japanese policymakers now face is how to respond to the perceived criticism from abroad and to an emerging domestic demand that Japan fulfill

its responsibilities as one of the world's most industrialized nations. How will Japan meet its obligations to the world in an age of global interdependence that is about to proceed to a borderless community of nations.

It is one thing to mull over "kokusai koken" either as diplomatic lip-service or for political consumption at home. It is quite another to examine the feasibility and desirability of "koken" in practice, a virtually virgin arena for Japan's conduct of external affairs. In reality, the limitations are abundant; most of them are inherent in Japan's existing socio-political system with its lack of political leadership, manpower shortage and growing sense of "kenbei," or public apathy or repugnance toward the American way of conducting foreign policy.

On the other hand, a desirable option for Japan may still be in economic aid and technological cooperation, plus a new factor, dialogue on arms control. Some relevant policies may be provocative since they inevitably involve restrictive or even discriminative measures, such as a ban on high-tech transfers or a restrictive aid program to a nuclear or Nth recipient. Nevertheless, Japan may wish first to test its desirable options in the Asia-Pacific region, most likely including the Far Eastern sector of the Russian Republic.

Only after the test has proved successful can Japan propose similar programs to other parts of the world. At the very time when the U.S. may opt for a partial and discriminate military disengagement from Asia and will be busy with housekeeping, Japan's duty will be to share with the U.S. the increasing economic burden necessary to reduce the regional uncertainties.

Even with such efforts, the region will have to live with uncertainties in security with no immediate prospect for solutions in sight and with no regional leadership seeming to emerge. American policy, the key to the overall security of the region, is yet to be clarified. Even if the policy is made clear during the scheduled Asian tour of President Bush, following visits by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff, all in November, some uncertainties may still remain. They will include regional instability, Cambodia, China and the Nth problems, which may not disappear overnight.

In fact, the region has survived comfortably so long as

no single power, internal or external, has had a position of hegemony. Moscow has evidently lost its willingness to match Washington in a cold-war confrontation and Beijing is no longer capable of playing the two nuclear giants off against one another. The region thus may or may not believe that de facto U.S. hegemony is not so bad after all, or perhaps that it is better than either a continued superpower confrontation, U.S.-Japan collusion, or the emergence of a regional power, Beijing or Tokyo, as the dominant power.

Against this background, one can only be a pessimist. But a few factors may lead to a gradual reduction of uncertainty. First, the region ought to have a forward-looking posture, with its eyes fixed on the Year 2000 and beyond, or 50 years since the outbreak of Korean War. By then, the region will have new leaders in two postwar generations. As such, they will be relatively free from the legacies of not only World War II but the two local conflicts in Korea and Vietnam. No doubt memories will remain but oriental wisdom may prevail as these new leaders will have to lead their people who are eager to improve living standards and hopeful of better relations among nations within and without the region.

Secondly, what is crucial for the regional states' success in lessening uncertainties is to agree on arms control and confidence building measures and to implement those accords, in particular on naval restrictions and/or reductions as well as bans on high-tech arms transfer. Foremost on the list of priorities for all nations is self-restraint in programs for arms buildup and resolving conflict by force. Without it, the region might become another arena of crises with little hope of superpower mediation.

Thirdly, the region is qualified to develop global centers of trade, finance, high-tech research and development, and productivity for the world. It must take advantage of the relatively high literacy, industriousness and competitiveness in Singapore, Taiwan, the Republic of Korea and Japan. If the states cooperate systematically and follow a rule of a division of labor, the region can certainly keep regional frictions to a minimum and create global centers of high-tech and productivity in the 21st century. This is where Japan can play a bigger role than anywhere else.

Only after the nations of Asia find it possible to integrate their respective efforts in an orchestrated effort to reduce uncertainty may they be able to look at the world with a wider perspective and cooperate in extending a helping hand to other parts of the international community. And so also may the Japanese be able to contribute by virtue of their oriental wisdom and with non-aggression and, above all, self-restraint.

Robert Scalapino

The year 1991 will be regarded in history as the time when Japan quickened its pace in seeking a more balanced and responsible foreign policy after years of agonizing and indecision. A major failure often produces change and Japan's failure to rise to the challenge of the Gulf Crisis resulted in a great deal of soul searching. However, let me immediately make it clear that there is no unanimity of opinion in Japan on foreign policy issues, and the division between the dominant Liberal Democratic Party and the Shakaito which we know as the Socialist Party, remains fundamental.

For forty years, the Socialists have hued to a combination of slightly diluted pacifism and ideological cant with a Marxist flavor. They are the true conservatives in Japanese politics, having changed very little in the post-1945 era, despite the efforts of recent leaders to move them closer to the center. Thus, Japan continues to operate under a one and one-half party system, with the LDP always in power despite increasing doubts concerning the ethics as well as the efficiency of Japanese politics today.

In the current setting, the making of Japanese foreign policy is complex, and coordination is frequently faulty with the timing of decisions correspondingly delayed. The Ministry of Finance along with the Ministry of International Trade and Industry (MITI) play critically important roles in this process since Japanese foreign policy has been overwhelmingly economic policy. Indeed, the Ministry of Foreign Affairs is often accorded a distinctly secondary position with its morale adversely affected. Moreover, heavy criticism of that ministry followed the confusion surrounding Japanese policy relating to the Gulf. Many would argue, however, that the true responsibility lay with the LDP and top administration. The fact that Prime Minister Kaifu retained support from a majority of the electorate but was regarded by the LDP inner circle and the bureaucracy as weak illustrates some of the complexities of Japanese politics at present.

At the outset, it is important to identify the many pressures affecting Japanese foreign policy from within the society. Two

groups, notably business and agriculture, have long had great influence, especially when either was united. They are amply represented in the Diet; and they have close ties to the bureaucracy. In the recent past, however, the public at large has wielded somewhat greater influence as a result of the great increase in public opinion polls. Japanese politicians now know what the public thinks, whether they choose to follow their views or not.

Like many democratic societies in this period, Japan has had a series of relatively weak governments. Moreover, in my opinion, unless some fundamental political reforms are undertaken, there will be increased cynicism and indifference among the electorate. Weak governments cannot take bold measures. Thus, internal conditions affect the foreign policies of these societies -- a matter which must be taken seriously.

Nevertheless, Prime Minister Kaifu took two significant trips within Asia in the spring and summer of 1991, and carrying a new message. Japan, he said, wants to play a more active role in shaping regional and international policies, and most particularly in tackling the causes of conflict and assisting the peacekeeping process. In his tour of five Asian countries, he spoke little about new aid programs. Rather, he stated that Japan would share responsibility with others in seeking to create a global atmosphere of peace and stability. He indicated that mine sweepers were being sent to the Gulf, and that in the future, Japan would be prepared to participate in such peace keeping activities as were mandated by the United Nations.

Most interesting was the fact that he outlined four guidelines that were to be applied in determining overseas assistance: the level of military expenditures of a country; its production of weapons of mass destruction, including nuclear weapons; the extent to which weapons trade was carried out; and progress in democratization, as measured both by the strengthening of a market economy and the advancement of human rights. The thrust was clear. If Kaifu's policies were effectuated, Japan would harness its economic power for political and security goals in a far more concrete manner than in the past.

Let me hasten to add that there is considerable question, not only abroad but in Japan, as to the extent to which Tokyo will actually apply the political criteria outlined above in advancing economic assistance. And questions also remain as to the precise

role it will play in peace-keeping, and in regional as well as international leadership. All of these matters remain controversial within Japan, and certainly, the past does not indicate a willingness to undertake bold measures quickly or decisively. Nonetheless, it now seems clear that Japan is forced to think through the implications of trying to hold to a market foreign policy in an era of tremendous upheaval.

For some years, a soft regionalism encompassing China, South Korea, Taiwan, and Japan has been emerging in Northeast Asia. Economics has been its motive force and Japan its principal figure. This soft regionalism has been built upon economic ties that cross political boundaries. Today, developments have become more intricate. We are witnessing the creation of what I have called Natural Economic Territories, or NETs. These NETs involve portions of states of being wedded to others. For example, note the current strength of the Guangdong (PRC)-Hong Kong-Taiwan NET, or that which seems to be emerging involving Shandong Province and South Korea. Talk has begun about the possibility of a NET encompassing the Tumen River region on the borders of China, North Korea and Russia. The Russians have dangled the prospect of a Sakhalien-Kuriles-northern Japan NET.

The precise relations between these new economic entities and the existing political entities that we call "nation states" will constitute one of the most intriguing dramas of the coming decade. It will center upon Asia in a very large degree and many of the NETs will involve Japan or portions of that nation.

There is a broader development unfolding which I have called Asianization, namely, the greatly increased network of ties of all types among and between the Asian states. This is accelerating as the old super-powers reduce their presence in the region. The perceived loosening of Soviet and American strategic commitments to East Asia requires a more active role for the indigenous states.

Between the major Pacific-Asian states, we shall see a combination of cooperation and competition with some element of tension in each relationship. The old alliances which were tight, all-encompassing and exclusive are fading away. Now, bilateral relations between major states will be more conditional and flexible, demanding continuous negotiations and mechanisms for

the reduction of tension, whether it is economic, political or strategic in nature.

Against this background, let us examine the bilateral relations that are crucial to Japan, and then advance some broader generalizations. First, note Japan's relations with China. I would define this relation--now and in the future--as one of wary friendship. China is a nation that Japan takes very seriously both in a positive and negative sense--and that is reciprocated in Beijing. On the one hand, Japan expects to play a major role in the economic modernization of this vast country. Indeed, it has already contributed much. However, early enthusiasm was dampened in a number of cases as a result of experiences, and in recent times, caution and conservatism in investment and technology transfer has been the hallmarks. But trade has generally flourished, the key variable being the health of the Chinese economy.

Not a few Japanese, however, have doubts as to whether China can get its act together and advance economically in a relatively smooth fashion. But there is also a seemingly contradictory concern in certain quarters. What if a future China becomes powerful and has retained its "Central Kingdom" complex? Will China, in the early 21st century, be a formidable force in Asia and demand recognition as the dominant power? As Mike Momoi has indicated, China is examining its future naval policies, thinking seriously about a blue-water navy as well as an augmented coastal defense. So Japan will remain quietly alert to the possible emergence of threatening developments relating to its giant neighbor.

What about Japan's relations with Korea? The Korean peninsula is another close-in region of great importance to Japan. At times in the past, it has been viewed as a dagger pointed at Japan's heart. At other times, it has been seen as an opportunity--whether for imperialist control or fruitful economic interaction. Today, formal relations between Japan and Korea are relatively good. But under the surface, the old antagonisms exist, only faintly veiled. In recent times, South Korea has feared that Japan would normalize relations with the North, too readily providing funds to Pyongyang that could undermine Seoul's bargaining power. These fears were strengthened briefly by the Kanemaru visit. They have declined for the present.

Meanwhile, these two countries have developed precisely the interdependent economic relationship that could produce closer political and strategic bonds. But deeply rooted prejudices stand, and there are elements of the economic relationship that are additional sources of tension. In sum, no bilateral tie in Asia is more important for Japan--and more difficult.

In Southeast Asia, Japan has recently made certain interesting proposals suggesting a more forward posture. It suggested an informal forum of Pacific-Asian states to discuss security issues, thus joining those who want to move such matters to the multilateral level. This idea together with the suggestion that a register of global arms sales be undertaken, reenforce the pledge to take a more active role in the political and strategic affairs of the East Asian region. Neither proposal has yet acquired great support, but the initiatives are significant.

Let me now turn to the all-important Japan-U.S. relationship. This relationship remains the centerpiece of Japanese foreign policy despite the new initiatives that are now unfolding. It is probable that in the course of the next decade, Japan will exercise greater independence from U.S. policies on occasion and more assertiveness in our bilateral relations. But there are good reasons to believe that for both countries, a close working relation will remain of critical importance despite the difficulties. Our two countries account for nearly 40 percent of global GNP today and our two economies are becoming ever more closely intertwined. Consequently, while this will be a troubled marriage, there cannot be a divorce.

The downside of the American-Japanese economic relationship is very well known. There are the massive trade imbalances; saturation-type investments in fields that are symbolic to Americans such as the entertainment industry, monuments like Rockefeller Center, and hotels--all of these purchases have raised anxieties. Meanwhile, Japan's trade and financial markets are still difficult to penetrate despite sustained American pressure. When nations coming from different cultural traditions, having different timings of development and pursuing different economic strategies become intimately involved in each other's economies in an extremely short space of time, smooth accommodation is virtually impossible.

The fact that both societies are democracies makes for addi-

tional problems, as has been suggested. Domestic pressures are not easily countered, especially with weak leaders. As is well known, in the Structural Impediments Initiative talks, we have complained about Japanese policies relating to land, an antiquated distribution system, collusive bidding and the informal barriers to an opening of markets. The Japanese have raised questions about our massive budget deficit, the low savings rate, the weak R&D record in non-military fields, the educational deficiencies, and the penchant in our industrial sector for short-term profits rather than long-term share.

To an extent not present in any other bilateral relationship, each party has probed the other's domestic structure as well as policies, even examining those cultural aspects of the society that influence or shape policies. Is this interference in the internal affairs of another country? Yes. Is it warranted? Yes. When the domestic policies of one country directly affect the welfare of another, there can be no hard barrier between domestic and international perimeters.

In political and strategic terms, Japan can best advance its own interest in cooperation with--not in conflict with--the United States. Yet this raises a host of questions because the United States is going to continue to demand that Japan share more fully the international responsibilities for global peace and stability. And such responsibilities cannot be limited to financial contributions alone.

It is my view, however, that Japan will not play an independent military role in the foreseeable future. This is true not only because the Japanese people strongly resist such a course, as Mike Momoi has pointed out, but also because it is well known in Japan that other Asians, and particularly those living in Northeast Asia, strongly oppose such a trend. Most importantly, however, the Asia of the 1990s is not the Asia of the 1920s and 1930s. There's no vacuum of power on the continent. There's no physical Japanese empire to defend. And there is no region to liberate from Western imperialism. Moreover, to "go it alone" is less and less feasible for any nation, even the United States. Finally, the nature of power has changed profoundly in recent times. The military quotient is down--not out but down--and internal economic strength together with political cohesion are increasingly important factors.

Let me conclude my discussion of bilateral relations with a brief comment about Japan's relations with Russia. These can be labelled relations of "towering uncertainties." At present, it is impossible to predict the future of the Russian republic and those independent states that are emerging from the old Soviet Union. We can only know that the USSR is disintegrating and will not again exist in its recent form. It would appear certain that Russia's presence in East Asia will be significantly lower for the near future at least, and therefore, that the Russian "threat" has greatly declined.

Perhaps somewhat more optimism is warranted with respect to a settlement or accommodation on the matter of the Northern Territories. Such a development will be a process, not a single act, and there remains great uncertainty at the moment as to what is the role of the Center versus the Russian Republic, but that will be shortly resolved. The case for improvement in Japan-Russia relations, however, rests primarily on the fact that both countries, and especially Russia, have great needs for an improvement in general relations, with an increasing number of citizens of both countries coming to realize this fact.

Let me summarize this aspect of the discussion. There is no risk in Asia at present of a hostile coalition of forces against a given nation, whether it be the United States or some other country. And there is virtually no possibility of a major power conflict. All bilateral relations, moreover, will be encased in some degree in a regional and multilateral framework.

Since issues and regions of tension will continue to exist, however, it is essential to think of a system of concentric arcs created to deal with specific problems. Thus, in the case of the Korean Peninsula, the first arc would be North and South Korea, the parties immediately involved; the second arc would be the four major states that are so vitally concerned; and beyond that, the international community including the IMF, the World Bank and the United Nations. In the steps toward a reduction of the Cambodian crisis, a very similar structure of arcs was utilized: first, the four Khmer factions; second and of crucial importance, China and Vietnam. Unless they were prepared to cooperate, no advances could be made. Beyond that, the arc involving the ASEAN members, the Perm Five, and the international bodies.

It is in this manner that we must view the creation of security structures at a time when global war is passe and crises will be regional and specific. Global security patterns are not feasible, especially since the one global power, the United States, is not prepared to be the world's policeman. In my view, the United States will increasingly turn from fixed bases on foreign soil in this region as in others, and place the premium upon staging areas and bases kept in readiness by those aligned with us, with the possibility of some resident American technicians. The new emphasis will be upon lift capacity and upon rapid deployment forces. We are not going to employ large American ground forces in Asia again.

Thus, the time has come to think in new terms regarding security, and to support a role for Japan under the new conditions. Quite as much as Japan, the United States does not want a militarily dominant Japan in Asia. It is of benefit to both parties that Japan remain committed to a close security relation with the U.S. But its role will increasingly take on regional and multilateral dimensions. This will be closely hinged, moreover, to economic trends. The Group of Seven is only one group where Japan's voice will become stronger, despite the delicate relations with the European Economic Community due to economic tensions. The risks of regional protectionism or exclusivism are real and cannot be dismissed, but the U.S. and Japan together can do much to diminish that threat.

In conclusion, let me reiterate a few key themes. First, Japan has begun an experiment with a more broadly gauged foreign policy, albeit, cautiously and timidly, and with some uncertainties. Nevertheless, political and strategic factors are going to be added to policies that were almost exclusively economic in the past, and it is likely that over time, the quotient of self-assertion will grow. Nevertheless, Japan will generally find it in its interests to avoid unilateral actions, especially in the political and strategic realms.

The new course that Japan will pursue will naturally center upon the region where its strength is greatest, namely, East Asia. That region, together with the broader Pacific--encompassing the United States --will continue to receive its highest priority.

Finally, the U.S.-Japan relationship will remain vital to both

parties despite the rancor attending it on occasion. Further, the political and strategic ties, important to others as well, will be dependent in some degree upon reasonably harmonious relations in the economic arena. They cannot be separated.

To improve the total relation, in addition to handling specific economic grievances on both sides, it will be important to broaden cooperation, moving into frontier fields like biochemistry, environment, and space. No two nations have greater capacities when their strengths are pooled. And with the 21st century upon us, we should begin to plan and work for the future..

RESPONDENT: William Wise

Well, we have been fortunate to have two excellent presentations that represent perhaps slightly differing views on Japan's global role, but I think both would agree that this is, indeed, the defining moment for Japan's role in the world, and both presenters essentially are asking the same question. I think that perhaps they have posed it in different ways and they have responded a little differently. Professor Scalapino, on the one hand, seems a little more optimistic about the future. Perhaps Professor Momoi, on the other hand, is a little more pessimistic. I would like to make a few comments on each and then talk a little bit about my views on the U.S.-Japan alliance at the end.

I thought that Professor Scalapino's discussion of the policy-making process in Japan was particularly enlightening, and I think his point--one that professor Momoi would share--is that the creating and implementing of a consensus-based foreign policy in Japan is, and will be in the future, a very difficult undertaking. Likewise, Professor Scalapino's conclusion that the element of independence that is entering the policies of Asian countries, including Japan and in particular Japan, will certainly survive, and that this is not a bad thing.

I was also interested in his notion that an interdependent economic relationship between Japan and South Korea could produce closer political and strategic bonds. He caveated that by noting that only the deeply rooted prejudices on both sides

stand as formidable barriers to this. I might add that the potential for Korean reunification remains something of a wild card in this entire relationship and makes a notion of the potential for closer political and strategic bonds more interesting.

Professor Scalapino briefly talked about Japan and Southeast Asia. I would only point out in my recent travels there it brought home to me again the profound ambivalence in Southeast Asia concerning Japan, a very strong expectation that Japan will play a political leadership role in the region combined with a equally strong fear of remilitarization and economic domination, and a seeming difficulty in some quarters in balancing these two concerns.

On the subject of U.S.-Japan relations, I thought that was a particularly interesting and useful explanation by Professor Scalapino and very insightful as well.

Regarding the Soviet Union, this is an interesting problem. There certainly are indicators that Japan and the Soviet Union are moving forward in establishing a more useful dialogue. The Japanese press reported recently that Japan and the Soviet Union agreed to regular security discussions involving military officers and defense officials as well as diplomats for the first time in modern history. There's also a MITI group traveling in the Soviet Union, particularly in the Soviet Far East, and according to the press they're discussing the conversion of Russian defense factories to civilian uses. Whether these indicators will translate into closer relations remains to be seen.

I have to take some exception with the notion that the Soviets have to some extent, disarmed. In fact, the Soviets still maintain a large military force in the Soviet Far East, much larger than one would think is necessary for the defense of that region, and they continue to modernize it. Now, some of this undoubtedly is the enertia that comes from a command system that can't change or convert; but the fact is if you are a neighbor of the Soviet Union you need to only look across the sea that separates Japan and the Soviet Union to see a very large military force sitting there. Undoubtedly, Soviet intentions have changed. There is no question about that. But the same cannot be said for Soviet military capabilities in this region.

The impact of all of this on the northern territories is uncertain. There seems to be some competition within the Soviet

Union between the center's Foreign Ministry and the Russian Republic's foreign ministry, and I'm not sure how that might play in the resolution of the northern territories issue. It appears to me that we have some mixed signals now on the likelihood of an early resolution.

Mr. Momoi made several points, one of which stuck out for me, an Air Force officer, very quickly, and that is, he said, to paraphrase, what matters is sea power. Indeed, if you look at a map, obviously the Pacific is a very large place and it's a place where navies are of principal importance. But I would raise two points. First, the Gulf War demonstrated, if nothing else, to people in the military profession, that combined arms operations are the defining influence in military affairs. Combined arms means joint army-navy, or army-air force, or navy-air force, or all three. The notion that a single force is any longer able to conduct warfare in the modern age has, I think, been dispelled forever. Secondly, I would point out that the problems in Asia, the problem areas in Asia, are not at sea, they're on land. In Cambodia, the Khmer Rouge navy was not really the problem. In Korea, neither North nor South Korea has an extensive blue water navy, but Korea is certainly the most difficult security problem in the region right now.

But I take his point, that from the viewpoint of Japan, an insular country, that navies are important. He also made some comments on collective security in his paper. He said that Japan should not take the lead in establishing a security framework in the region. I quickly agree to that and I would take it a step further: I would hope that Japan recognizes that the establishment of an unwieldy regionwide security structure is unnecessary and unworkable. Regional security issues have been, and probably will be, most successfully addressed through existing institutions which have proven mechanisms to meet the challenges of changing circumstances.

He also suggested that an important role that Japan can play is in the area of arms control. I'm not entirely certain how he is defining arms control here. But if you mean a structural, formal arms control structure in the region, I really have some questions about that.

Asia is not the same as Europe, where we had two major alliance blocs opposing each other in a clearly ground war sce-

nario. Such a confrontation readily lent itself to arms control, and arms control, in fact, was successful. But in Asia we don't have, and have not had, two opposing alliances; rather, we have a super power competition albeit declining in a region with widely divergent political, economic, and cultural conditions, and very, very different sets of military capabilities. There simply seems to me to be no real basis for mutual reductions that can be applied evenly over the entire region. The diversity is just too great.

From the point of view of the United States, as a maritime nation whose security and prosperity are inextricably tied to the complex arrangement of international economic and political relationships, we have limitations and restrictions that are implicit in naval arms control which pose a very serious problem, and one that I think the countries of the region are familiar with and perhaps would sympathize with our concerns there.

Mr. Momoi also suggests that Japan use its influence to curb high tech arms transfers. Now, I take a little license here to perhaps define high tech to include nuclear, chemical, and biological weapons and missiles and missile technology which can deliver those weapons. I think this is an extremely important role for Japan and for every country in the region, because we do, I would submit to you, have a very serious problem. In Asia as elsewhere in the world, the proliferation of these nuclear, chemical and biological weapons superimposed on some long-standing ethnic and national rivalries poses, I think, one of the most serious threats to regional security and stability. Specifically, in the case of North Korea, it is a clear and imminent danger, and one that each country should attend to.

Mr. Momoi acknowledges in his paper some pessimism concerning Japanese leaders' ability to play a leading role in the future of the region. I can understand his view there. I do have a problem, though, with the notion that the peace-keeping operations law, which may pass the next Diet, is not on the whole a positive development. To me, recognizing the problems that he's raised, it seems a very important symbolic transformation in Japan, not one that poses a threat to its neighbors, but one that speaks to a Japan that clearly embraces a greater and more responsible role, and one that I think we should look at with some degree of support.

The U.S.-Japan alliance has been mentioned by both speakers. I think it's clear that it's worthwhile for all of us to consider this to be the time when the alliance should be expanded beyond the simple security relationship that has been its core from its inception. The concept of alliance needs to be thought of more broadly in both countries. I agree with Mr. Momoi that Japan cannot lead in the same ways that we can. But we can benefit from a greater international leadership by Japan. There is no ally or friend of the United States that holds greater promise or potential for leadership than Japan; no country in the world. I think we, as Americans, need to be patient because the transition to leadership is neither easy nor is it obvious. Our own experiences after World War I, which were not very good, and after World War II, when we, I think, did a fairly good job in this area, remind us that this is true. At the same time Japan has to recognize the dangers facing the emerging international order, and the consequences should the leading powers fail to assume their responsibilities. So it's vitally important that we recognize Japan's economic strength in a global partnership, as already alluded to by President Bush and Prime Minister Kaifu, to tackle the critical security and economic issues facing us. In my view neither country has attractive alternatives.

DISCUSSION AND QUESTIONS

Urban Lehner

I must say I found the first few minutes of this panel very stimulating. I learned an enormous amount from it and it left me with many questions. One of the things I found most fascinating was the emphasis in both presenters' presentations on the military buildup in China, and especially the naval buildup, and I wonder if we could explore the implications of that for Japan's Global Role. First of all, if we could explore the implications of it for the four principles of ODA, or Aid-giving, that Professor Scalapino spelled out. You will remember that three of those four principles have to do with limiting aid to countries that are building up their military in various ways: selling arms, spending a lot on military. It seems to me that since China is always number one, two or three on the list of countries to

which Japan is giving aid, that you immediately have the question: Is Japan going to stop or cut back on its aid to China because of China's military buildup? If it's not going to do that, do these four principles mean anything? Secondly, I think it raises questions for the U.S.-Japan relationship and the pullback of U.S. military forces from Asia that Professor Scalapino mentioned. He said that the U.S. won't maintain standing armies anymore in Asia, but will it maintain standing navies? If we do not, and if China is building up its navy to blue water capabilities, doesn't that force the Japanese hand in essence to build up its already considerable navy even further. I guess those are the questions I'd like to pose to the presenters.

Makoto Momoi

I was a young lieutenant in the Japanese army at the end of the war, so what I'm suggesting for the navy is with due respect. During wartime, the Japanese navy was the number one enemy for us, the Japanese army. I'm sort of prejudiced. At the same time I would say that the navy doesn't exist without air cover. So I'm not neglecting the air force. Secondly, I placed emphasis on the sea in the Asian-Pacific area because almost all countries are littoral states, and they depend on sea lines of communication. Thirdly, offshore resources are very important issues there. The naval presence, naval operations and naval powers in that area do affect all these major issues.

As to arms control, I didn't mention anything about super power naval arms control. We don't want to intervene into those major issues. We will let them handle their own problems. What I'm suggesting is inter-regional naval arms control which would curb and control the kind of ambitions now emerging among the neighbors as to naval buildup. Secondly, high tech transfer. Of course, the definition of high tech is very difficult, but here I'm putting more emphasis on the sort of restrictions on the transfer of precision guidance munition type components of delivery systems, the esoteric war heads, and the components and software know-how as to chemical bombs and so on.

Finally, political. By skipping all these difficult political issues one thing I want to emphasize is that our self-defense forces were supposed to go to the Gulf. I'm not very happy about it

for several reasons: a) because they were not consulted in advance or during the initial period of government discussions; and b) the government policy makers do not exactly know what kind of mission they're going to give these self-defense forces. They are not appropriately equipped; our shoes are not fit for desert use and so on. Therefore, if they're talking about peaceful foreign missions they have to realize the realistic points as to how we are going to equip and train our forces before we start thinking of sending our men abroad, for instance, even to Cambodia.

Robert Scalapino

First, let me respond very briefly to an earlier point which was raised; namely, the real position of the old Soviet Union or the Russian Republic in Asia. I quite agree that in capacity terms Russia is still a formidable military force in East Asia, and my own guess would be that their strategy, like ours, if they can carry it out, will be the effort to selectively modernize conventional weaponry at least. But I think if one looks at the total picture, Russia is in the throes of the most profound crisis since the Bolshevik Revolution. There is very little likelihood that it can keep up an expanded military program for the moment. Indeed, we are both unilaterally making moves to cut our military forces because of internal problems. And I think that will continue, although my own guess would be that the time will come when we do enter into some bilateral and multilateral discussion relating to conventional forces in Asia. I think this is on the horizon.

As to the very important and interesting point that Mr. Lehner raised, I would say this: Looking ahead, I think there are three major societies in Asia, east and south, that are certain to play critical roles in different ways, and these three nations are Japan, China and India, by virtue of their strength, or at least their magnitude, by virtue of their internal commitments, albeit in the Japanese case at the present more in economic and political terms.

I think that one can always posit a collapse scenario. One cannot rule out a process of decentralization in China that leads to continuous internal weakness and problems. But one can also

suggest that if they work out their economic and political situation, at least minimally, they are certain to want to have a very appreciable role in the region; the Central Kingdom concept is not gone.

India already has signaled quite clearly that it wishes to be the dominant force on the subcontinent. It already is in the Indian Ocean, and it has interests that bridge it to Southeast Asia. I'm not saying these are the only states. There are medium powers that are also important. But that is one reason why the U.S. is wanted in Asia. We can serve as a buffer. Though not the most loved, we are the least disliked state and the least feared state. We have a certain role to play.

The really critical question is whether the American people are willing to play that role. And that, I think, hinges on three factors: first, whether the medium as well as the larger states of the region are prepared to play a new kind of role that involves strategic and political as well as economic considerations that are satisfactory. No more of we taking all the hard problems and they taking the easy role. That won't sell. Secondly, there is the question, which is absolutely crucial, of the capacity of this administration or any administration in this country to handle more satisfactorily the domestic problems because if there is a high level of dissatisfaction and concern about domestic deficiencies and problems, the international component goes down. That is the critical problem facing the Bush Administration today. There is also, and I think this is important, the question of the capacity to build multilateral decision making processes and institutions that help to distribute responsibilities and policy.

Those are the three factors that are going to determine the American commitment in Asia, in my view. But that our own interests dictate a continued involvement is clear because we are a part of the Pacific-Asian region. Just look at this island and beyond. Our economy is dependent upon Asia-Pacific more than upon Europe today. Moreover, we have a growing Asian population that is going to have a political influence. It already does in my state of California. So the logic of continued American involvement is clear. But it has to be something other than the status quo. We've got to find a position in-between isolation and the present scene. If we were to withdraw, then I would predict that sooner or later some kind of force to oppose China would

emerge in East Asia and it might not be Japan alone. But the juxtaposition of the major powers would become far more delicate and dangerous without an American presence.

William Wise

I was remiss in not making some points on the notion of the future of U.S. military presence in the Pacific early on. If it's possible to concisely state a U.S. defense policy, I think it includes four points. First of all, the U.S. intends to remain a Pacific power. Second, we will make and are making adjustments in our military forces in the region. The reason for this is, first, the threat to our interests has diminished, in many respects; second, the capabilities of our allies have been increased; and third, budget constraints in our own government require us to spend less on defense. So those three factors contribute to adjustments, downward adjustments, in our presence.

But we will continue to maintain a forward, although reduced and perhaps more widely dispersed, presence designed to secure regional stability. And finally, the posture that we will finally assume, we think, is sufficient to provide a context, a climate, for the continued economic growth in the region, for pursuit of our trade interests, and for the security of the nations in the region. That's the policy of the United States.

Secondly, on the question of China, I agree. I don't mean to suggest that China's navy is not growing, not becoming larger. I only point out that the speed at which this is occurring is not sufficient for turning China into a blue water navy. It's not sufficient, I think, to raise a red flag today. And lastly, on the PKO, Mr. Momoi, I take your point about the need to be realistic about equipping and training a peace keeping operation force in Japan. In my discussions with Japanese defense officials, I'm convinced that there is a thorough understanding in Japan of the need to be realistic about equipping and training, and there is no underestimating of the size of the task that lies ahead in this area.

Tetsuya Endo

I listened with great interest to the statements of Professors

Momoi and Scalapino. I have a very specific question which may be addressed to Professor Scalapino. There are two most unstable areas in the Asia-Pacific region; namely, China and the Korean Peninsula. Fortunately, the situation in China has been improving, while the situation in North Korea, the Korean Peninsula, remains the most troublesome spot. I think the situation, particularly in North Korea, may be getting worse. The North Korean economy is in very, very bad shape, yet North Korea continues to maintain a huge army. Also, there is information that that country may be planning to go nuclear. From Vienna, where I'm stationed, I have been trying to persuade North Korea to accept a nuclear nonproliferation regime, so far in vain. Thus my question is: What should Japan and the United States do respectively to encourage that country to become a respected member of the international community?

Robert Scalapino

I think that you're quite correct in saying that the problems of the Korean Peninsula are worrisome and there are no clear answers. Let me say that as an individual I was very pleased to see us in a global context in which we assert that the nuclear weapons be withdrawn from Korea. I think that this removes us from being forced into a politically defensive position in South Korea and elsewhere and poses the nuclear issue more straightforwardly. My own feeling is, and maybe this betrays undue optimism, that if all of the critical states maintain their position on this matter, North Korea may change its nuclear policy. Japan is crucial for applying international pressure on North Korea, since North Korea very much wants normalization of relations with Japan and wants economic aid from her. Japan has major leverage. If it keeps its position on this matter, if the Russians keep theirs, and I think they will, and if China, which probably has the second most leverage, will continue along with us, the cumulative pressures that can be brought to bear may produce signs from the North that they are prepared to make adjustments.

I haven't seen the full text of the various announcements that have come out of the North-South talks that just ended in Pyongyang. But my feeling is that there is a debate going on in

the North, there is recognition that their international situation is not good, and their domestic economic situation is not good also. Therefore, it seems to me we should maintain these pressures and wait and see what adjustments are made. One thing may be said about the North Koreans. Given their decision-making process, which is extremely top heavy–probably Kim Il Sung has to give his approval on any big decision, when they change they won't necessarily give advance signals. They were adamant that they were not going to enter the U.N. as a separate force right up to the very end. But when the Chinese told them that they couldn't veto the South's admission, they shifted. They were adamant against cross-recognition and talked about it as the most dire kind of matter. But when the Russians shifted and recognized the ROK. They shifted, they want normal relations with Japan and even with us. So the propaganda is one thing. But under pressure and given alternatives, I think we can hope and expect for some change. But as I say, I think the Japanese are a critical element here.

Moderator

I'd like to address a question to Mr. Momoi. In your opening statement, I felt that there was some pessimism, or resignation, about the potential for leadership on the international scene by Japanese politicians, and by the Japanese leadership. And, in fact, in all of the discussions so far, we have not really discussed the role of individuals. We've talked about strategic factors and political factors and have not yet dealt with the individual potential to make a difference. I wonder what you think the Japanese potential is in respect to an emerging generation, perhaps the possibility of the new Prime Minister opening up the way for such voices to be heard, that they could make a difference in Japan assuming global leadership.

Makoto Momoi

When I say that we don't have leaders with the necessary leadership qualities -- in other words, with a wider perspective and the capability to look forward, I'm not denigrating some of our past leaders, such as Yoshida, for instance, or Sato who in a

different sense, was very good. But after Ohira, with due respect to other prime ministers, including one of my close friends, Nakasone, they just simply talk about these things, but they don't know how to implement their policies. So with certain intimate knowledge of these leaders, I'm rather pessimistic about the current leaders, including, with due respect to his expertise, Miyazawa. He's very good in English, so he can be eloquent in presenting his case and in stating what Japan should do. He might talk like a television commentator, but I don't know whether he has sufficient command of leadership to issue specific orders, for example, to the self-defense forces or the Finance Ministry or the Foreign Office. Sometimes, with due respect to the Ambassador from Vienna, government leaders, such as the Foreign Minister or Prime Minister, will not meddle into the bureaucratic business at all. They let them do their own business. That's the kind of leadership they like. This indicates, in turn, that the Japanese public does not want to have strong leaders.

Secondly, to be a good leader you have to be very free from the legacy of World War II -- not only the Pacific war but also from the period of Allied Occupation of Japan. This means we need another 20 to 30 years, well into the 21st century, before we have new leaders who were born after the Korean War. Then they will be relatively free from the legacy and memories of war, occupation, and dealing with Americans.

Thomas Kasulis

This comment is in relation to Mr. Ramler's question about this new generation. I'll be very specific, anecdotal. About 15 years ago I was traveling in Japan, I went to a very little town by mistake. I was stranded in this town of 12 people, but there was a place where I could stay, so I went there. The next morning my friend and I, another American, came out on the street and there was this little child, about four or five years old, who came up to me, looked at me, and said, in Japanese, "Are you American"? I said, "yeah." He started hitting me, punching me; and I asked, why? He said "soy beans, soy beans." Now, the historical context of this was that Richard Nixon had decided to stop exporting soy beans to Japan. He had given Japan no

warning of that, and Japan was very much dependent on the United States for soy beans.

That kid is now 20 years old. He doesn't remember the kindness of the Americans after World War II, he doesn't remember the attempts of the Americans to try to re-build the Japanese society and so forth. I'm not so confident that the next generation of Japanese will be quite as pro-American as the present generation of Japanese leaders. I want to know if you have any response to that?

Urban Lehner

I think there's ample statistical evidence to back up what you're suggesting. I looked at public opinion polls in Japan last year on the question of like and dislike of the U.S. Interestingly enough the people who most liked the U.S., or felt the most comfortable with the U.S., were men in their 40s working in the Tokyo or other big metropolitan areas mainly for large corporations or government ministries.

I think there's a certain logic to that. These are people whose education was mainly after the war and whose memories of the occupation were fairly favorable. People who were most likely to dislike the U.S.--there wasn't any overwhelming trend of dislike--but least likely to like us, were at both ends of the age spectrum: very old, very young. We did a public opinion poll of our own last year in which we asked the rather unfair question: "If your country were to go to war in the future, whom do you think the enemy would be?" We found that of the respondents under 20, which, of course, is the least informed sample, thirty percent said the U.S. Under 30, about 25 percent said the U.S. was most likely to be the enemy and then it tailed off very rapidly after that. Among people in their 30s, 40s, and 50s, less than 10 percent said the U.S. was likely to be the enemy. Now, that's not exactly conclusive, but it is some statistical evidence to support the point you're making. So the question then arises: when this younger generation of Japanese have some say in foreign policy, to what extent would they feel easy about the present security arrangement between the United States and Japan? This also relates to the earlier question about China and Japan. Can there be a context in which Japan would say that it

is absolutely necessary for the Japanese to develop their own blue water navy, to be able not only to counter the Chinese threat, but in order not to be dependent on somebody who may not be reliable.

Robert Scalapino

I was just thinking as you told that anecdote that if you met the young man of 20 today, he might still hit you but I think he'd be shouting "flat panels." But I think one must be careful. The public opinion polls in this country show an even more rapid growth of concern and antagonism, largely related to the economic threat issue. This is precisely why we need these mechanisms for continuous negotiation on the issues of security and reliability or of American credibility.

My feeling is that we will be credible only as we work out a new defense security relationship that involves the Japanese. I think on the whole we've done rather well in our bilateral security relations which continually keeps abreast of changing international conditions. Quite frankly, I was a bit disturbed when I heard a Department of Defense person, saying that our forward deployment in Asia is critical for our Middle Eastern policy. Frankly, I don't think that will sell in Asia and I don't think it will sell in this country. We've got to think new ideas in order to be credible, but that's our responsibility.

John Thomas, U.H. Law School

I'd like to direct my question to Mr. Momoi. The President of Peru is of Japanese ancestry. There were a lot of high profile Japanese aid programs going on in that country. Then some of the aid workers were killed by some extremists. How would you characterize the response in the Japanese press to that? Was there an overreaction to this kind of terrorism? What can we expect when other Japanese aid programs are disrupted by other organizations in whatever country?

Makoto Momoi

To answer rather briefly, first of all the newspapers and aca-

demics did not realize that aid programs in terms of working in the local scene involves some dangers, including the risk of being killed by guerrillas. Therefore, when they heard all the news from Peru and the Philippines they were shocked. But unfortunately, their initial reaction concerning the means for release of the survivors was to pay money. This was the reaction in the notorious case in the Philippines when one of our employees in a commercial company was kept as a hostage. In other words, there is always the tendency to try to settle matters by money. That also encourages the guerrillas and others to repeat such actions.

Unfortunately newspapers and others are asking if aid programs are really beneficial That's the kind of editorialized opinion these days. They're wondering whether aid program will be useful and effective in improving the living standard of the people and for advancing humanitarian purposes. Secondly, they are asking: why should we give aid money to countries which are excessively stocking up on military equipment? Thirdly, why do we have to give money to politically and socially unstable countries?

Well, that is the crucial point. Because they are unstable we've got to help them. But the Japanese are not adequately informed because of the total absence of a statement of official policy regarding foreign aid. There is no aid policy in Japan. At the risk of over simplifying the issue, they seem simply to be disbursing money to each country which wants money. We need to set up certain principles for the aid programs, not on the basis of risk, but on the basis of what they would accomplish.

Russell Honma

Going back to Mr. Wise's remarks about the exchange of some of the high tech developments and products and supplies, in the process we may be supplying some national trade secrets to Japanese manufacturers. Who is going to regulate these policies? I'm concerned in terms of foreign relations between the U.S. and Japan regarding regulations. Which agencies are going to regulate? Is it possible to have an agent of GATT, over there to regulate some of the Asian trade policies?

Robert Scalapino

Briefly, I would just say that first of all there are a number of things going on, and very critical things in this field of scientific and technological exchange. There are efforts to work out matters so that there will be an equality. I, for example, sit on a committee headed by Harold Brown, former Secretary of Defense, on technology and science and U.S.-Japan Relations, and there are a great many subgroups that are working on this in the private sector and I'm sure in the governmental sector.

As far as an Asian GATT is concerned, my view is that for the near term we shall be working at different levels. We cannot abandon bilateral efforts in terms of the major trading partners. There will also be regional aspects to this. APEC (The Asia-Pacific Economic Council) is one example, and there probably will be semi-formal subregional groups. They're already being discussed. But that does not mean that we should abandon our efforts to make the GATT work, because if it fails, I think the risks of regional exclusionism are very, very high; and I feel that that bears many of the risks of the 1930s. So we're going to be working at each of these levels.

Gary Austrick, U.H. Graduate Student

I'd like to go back to the question of regional arms control. As has been noted, the reason that arms control succeeded in Europe was because there were two opposing alliances, and there were existing institutions to negotiate arms control. Now, in East Asia there are no institutions to negotiate this; yet, we cannot ignore the large military forces of Korea, China, Vietnam, and the Soviet force on the Chinese border. How should arms control and disarmament be dealt with in East and Southeast Asia?

Makoto Momoi

First of all, I'm talking about inter-regional naval arms control and also control of high tech transfer. I include the bomb and weapons of mass destruction as part of high tech transfer which

must come under arms control. Instead of two opposing blocs such as existed in Europe, I'm talking about high tech have's and high tech have-nots, fairly advanced naval power and less developed naval power. And the idea is that instead of waiting until both camps build up their arms capabilities, we should take the initiative of self-restraint before they start building up. That is why the high tech "have's" must restrict themselves and existing medium navies must desist their expansionist program.

II. ECONOMIC DIRECTIONS

Kazutami Yamazaki

I was in Honolulu almost the same time ten years ago when I was a Washington correspondent for the *Nihon Keizai Shimbun*. I had flown in here from Washington to gather information about the 40th anniversary of Japan's attack on Pearl Harbor. In my investigation I found a speech made by the American Vice President of the Truman Administration, Mr. A. William Barkley, on December 7th, 1950, before Japanese -Americans in Hawaii. He stressed that the Pearl Harbor attack was a precious lesson for both the United States and Japan, and that the Pacific war eventually established the solid foundation of the free world that emerged after the war. He said to his audience, that our enemy in the Pacific War, Japan, became our friend after the war, but our friend before the war, the Soviet Union, became our most formidable enemy after the war.

Only about six months before the Vice President's remarks the Korean War had broken out. When the Korean War began, Japan was an occupied country without its own sovereignty and its economy still in ruins. At that time, Japan's role on the global stage was very simple and clear. Japan should become a liberal democracy and a part of the free world as soon as possible. The West should make it impossible for Japan to fall to the communist camp whether through invasion or by subversion. Japan played that role at that time simply because the United States wanted Japan to do so.

In 1981, when I was in Hawaii, Washington was putting strong pressures on Tokyo to increase her self-defense forces. President Reagan called the Soviet Union a "devil empire," and the Reagan Administration called for Japan to share more of the burden of collective security in the West. At that time there was growing frustration among American leaders that Japan was getting a free ride because, under the U.S. security umbrella, Japan was able to concentrate on rebuilding its economy and becoming an economic giant. So in those days, making a deeper commitment to burden sharing was virtually the single most important global role of Japan. That was what the western advanced countries, particularly the United States, expected. And now, in 1991,

in my mind the message is clear, the time has come for Japan to harness its economic successes for a broader international role. With enlarged responsibility, Japan can contribute more to shaping and establishing a new world order.

So what economic roles should Japan play globally? To me, it's quite obvious. Japan should fully and actively participate in strengthening the international free trading system. The immediate task in this regard is to play a leadership role in completing GATT Uruguay Round successfully, particularly by opening up its rice market completely and swiftly. In the long run, Japan must be the leading force of resistance against any attempt to build up trading blocs.

Second, Japan must achieve a greater degree of openness in her market and her economic structure so as to help developing countries modernize their economies. Japan must increase imports of goods and services from them, and more importantly, Japan must find realistic solutions to its problems relating to the structure of her economic system and business practice.

Third, foreign aid is an obvious area in which Japan can play a leadership role. The most important program is Official Development Assistance (ODA), and Japan has promised to expand its total 1988-1993 ODA package to 65 billion dollars, making her the number one aid donor in the world.

Fourth, Japan must display leadership by providing a greater number of Japanese personnel in multilateral financial bodies such as the World Bank and International Monetary Fund.

Fifth, Japan must be a leading country in tackling worldwide environmental problems. Japanese technologies and finances can contribute greatly to make the world much cleaner and safer.

Finally, Japan should help the Soviet Union and the Eastern European countries to get their economic systems in order and to establish a free market economy, including full scale financial aid. Mrs. Margaret Thatcher, the former British Prime Minister, recently in Tokyo, urged Japanese leaders to "teach" the Soviet Union how to convert military industries into civilian industries, how to build distribution networks, and so on, as Japan has the economic resources and the management know-how.

These are the major global economic roles Japan should play, in my view, and I believe that there is consensus about them, both in Japan and in the West. Also, there is no question about

why Japan should play these global economic roles.

First, the Post Cold War era was mainly shaped by geoeconomics rather than geopolitics. The American people now fear Japan's economic threat more than the Soviet military threat. In the wake of the crumbling of the Berlin Wall, President Bush was asked, "Where is the threat now?" He replied, "The enemy is instability, the enemy is uncertainty." And the best way to make the world more stable and certain is to enhance economic growth and prosperity.

Japan is the world's second largest economic power and the largest creditor nation in the world. So why shouldn't Japan assume an important role in such a new world. With Japan's great economic strength there are obligations to improve the quality of life for all mankind and to assume leadership in the furtherance of an open and free international economic climate.

Second, there is no question in my mind that Japan must fulfill its responsibilities commensurate with its economic might. Japan must reciprocate for all the benefits she has received in the past forty years. No country has benefitted more in the last forty years from an open trading system and free market economy. Japan's economic miracle could never have occurred if she had not received a great deal of benefits from other countries. In short, Japan should become a world economic benefactor breaking with her past recipient status.

Third, for her own sake, Japan must search for its international role and carry it out. Otherwise, Japan might find herself isolated in the new world community. Already her image has eroded sharply in the past couple of years.

Japan provided a lot of money when the U.S. demanded that Japan help finance the multinational military operation in the Gulf Crisis. Tokyo raised 13 billion dollars. That is more than a $100 for every Japanese and more than Japan's yearly foreign aid budget for all countries.

Yet, to foreigners' eyes, particularly in the view of Americans, Japan was reluctant to contribute to the Gulf War effort more directly, and the reluctance demonstrated an unwillingness to play a global role as a world economic power. Now I see an emerging consensus that Japan's "checkbook diplomacy" is not enough. Mr. George Schultz, former Secretary of State, said in his speech at Stanford University last spring, shortly after the

Gulf War, that Japan was losing friends because she failed to pass the crucial test in the Gulf Crisis. He mentioned six things; One, no transportation for refugees; second, no medical team sent; third, no presence of personnel; fourth, delay of the decision on the first two billion dollar financial aid; fifth, the delay of the decision on the nine billion dollar financial aid; and sixth, the refusal to make up for the shortfall in the nine billion dollar contribution. It was a friendly admonition, but it came as a shock to Japanese leaders because Mr. Schultz has been one of the most influential American voices who always understood Japan and was supportive of Japanese policies.

Even before the Gulf War, Japan's image, particularly in the United States, had deteriorated sharply, and the Gulf War just accentuated the deterioration. I see at least three basic causes.

The first cause is Japanese investments in United States. Resentment against Japanese investment was manifested in two areas: in taking over American symbols like Columbia Pictures and the Rockefeller Center; and two, buying up community-related assets such as golf courses, hotels, and resort facilities like Pebble Beach.

Let me tell you a personal experience in this regard. When I was a Nieman Fellow at Harvard University from 1989 to 1990, my wife and I went to Colorado Springs for skiing. We stayed at a very old but gorgeous hotel. Early one evening, when we were drinking and chatting in the cocktail lounge, several gentlemen came in, and sat at the table next to us. When they were leaving, one man came up to us and raised three questions: First, are you Japanese? I said yes. Second, What are you doing here? Before I could respond he raised a third question. Are you going to buy this hotel? I knew he was kidding so I said, why not?

Japanese investments have aroused uncomfortable and uneasy feelings about Japan among Americans, and this antagonistic feeling towards the Japanese extends from Washington D.C. down to the grassroots level. It is a dangerous sign, and what I am concerned about is that the accumulation of such sentiment toward Japan might reach a point some day where it would be very difficult for either side to manage.

The second cause for the deterioration of the Japanese image is the dramatic change of East-West relations. The Cold War is

over. The Soviet Union is becoming a loose confederation and the western countries are elated at the victory of democracy and the free market economy. All this has come at a time when the U.S. economy and industrial competitiveness are in big trouble. As I suggested earlier, the American people are much more worried now about their economic insecurity, and particularly about Japan's economic and financial posture. Mr. Helmut Schmidt, former Chancellor of the Federal Republic of Germany, said last summer in Tokyo, "I am not expecting great friendship to emerge between Japan and the United States during the 1990s. As the perception of a threat from the Soviet Union decreases the perceived importance of the U.S.-Japan alliance will likewise diminish." We should consider this point with some alarm.

The third, and most serious cause is a philosophical one. Some American leaders and intellectuals now look at Japan differently, and they are becoming more and more suspicious about Japan. The core of their suspicion is that it's almost impossible to guess where Japan's huge economic power is headed, and with what philosophy or principles. In short, what does Japan stand for as an economic super power? This is the fundamental question that Japan must answer. The meaning of leadership is not merely to have economic power or military might, it means standing up and making clear to people what you stand for and what you are against. In this sense, Japan has not yet been able to show its leadership to the world, and in this advanced information and telecommunication world, once Japan's image is down it will be very hard to correct. For Japan to improve her image she must assume global roles as best as she can.

Now, the real question is this: How can Japan play that economic global role? I would like to emphasize two things in this regard. First, for Japan to play such a global economic role the key is to keep close cooperation with the United States. The reason is that the Japanese and the American economies constitute the foundation of the global economy. Together, we account for 45 percent of the global GNP, 22 percent of the global exports, 23 percent of the global imports, and about 65 percent of the spending on global research and development. Therefore, Japan and the United States must work together, not only for our mutual benefit, but also to the benefit of the entire world.

Never has such cooperation been more important than now, a time of historical transition towards democracy and market economies.

Japan will not be able to assume her global economic role successfully without getting together with the United States, and neither can the United States lead the world without Japan's help on global economic problems. The Gulf War was clear evidence that even the United States cannot stand alone as a world leader. Japan and the United States badly need one another.

Unfortunately, however, the leaders in Japan and the United States are not focusing on the agenda for global partnership, although they always try to promote bilateral partnership. As Ambassador Michael Armacost put it recently, the real test of the U.S.-Japan partnership comes in the effort to forge new cooperative international arrangements to sustain economic growth, expand trade, and manage transnational issues in the Post Cold War era. This is the foundation of Japan's global role.

The second thing I would emphasize is that if Japan is really willing to play an economic role, a world role, Japan must first overhaul herself. I mean, Japan must redefine its goal first. Over the last 40 years Japan's national goal, as you may know, has been very clear, and that was to catch up to the West economically. Now, Japan has caught up and even surpassed the West, and yet Japan's objective today, generally speaking, is more economic growth and prosperity. Japan remains focused on producing more, exporting more, not enjoying what we have achieved. And as an economic power house, Japan is always reactive and situational. Even now Japan does not know where to go, in my view.

Japan must reexamine her values and way of life. The lifetime employment system and the basic value of hard work, the strong sense of loyalty to groups and societies, the reluctance to speak out, the insecurity in dealing with foreign people, and the insular sense of national identity, these are the values which still dominate the daily life of the Japanese people and society. They also restrain the people from enjoying a better life and from receiving the benefits of their economic growth as a nation. And the security and the banking scandals are a clear reflection of how greedy Japanese society has become.

Japan must modernize its political system. Japanese politics is

far behind in internationalization, kokusaika in Japanese. There is a cliche to describe Japanese politics. It is called "Nagatacho." Nagatacho refers in the narrow sense, to Japan's equivalent of Capitol Hill; but in a broader sense it is the symbolic word for Japanese politics. It refers to the traditional way of politics conducted through back-door dealings, which is little concerned with global issues. Japanese politics is driven primarily by domestic special interests. The selection process of the new prime minister was a perfect example of Nagatacho politics.

When Mrs. Thatcher met Mr. Keizo Obuchi, current Director General of the Liberal Democratic Party (LDP) in Tokyo last month, she asked why LDP top leaders denounced Prime Minister Kaifu publicly although Mr. Kaifu enjoyed high popularity among the Japanese people. Mr. Obuchi's response was this; "The common sense in Nagatacho is different from that among Japanese people." When I read this in the newspaper I was astonished, what Mr. Obuchi said clearly shows that Japanese politicians do not represent the Japanese people. Mr. Obuchi is a top LDP official; he's actually the number two man in the Takeshita faction, which is the largest faction in the LDP.

Now, in conclusion, when revisionist's claim that Japan is different, they are right, to some extent. Yes, Japan is a different country from the United States in many aspects. Therefore, the overhaul of Japan should be an effort to make Japan less different from the Western democratic and capitalistic countries. In other words, Japan must be overhauled in a way so that its values and systems, and the way of thinking become more compatible with those in the U.S. and the western democracies.

In his 1968 review of the U.S.-Japan relationship, an American scholar, William Steslicke, identified the premises developed by American leaders.

1. The U.S. has a great stake in Japan because Japan is the key to Asia.
2. Japan is America's number one ally in the Pacific.
3. The alliance cannot be taken for granted.
4. The U.S. specialists have an obligation to explain Japan's position and to encourage Americans to be patient with Japan.
5. Do not expect U.S. style democracy to flourish in Japan.
6. Japanese democracy is not mature.

These were keen observations, and they still hold true in 1991. The international climate, however, is now almost opposite that of the late 1960s. The Cold War is over, communism has collapsed, and it is apparent that democratic values and freedom, human rights, individualism and free market economy are becoming universal principles.

If so, Japan should overhaul itself by seeking compatibility with the Western democracies. The United States and the allied countries are now trying to integrate the Soviet Union and the eastern European countries fully into the western democratic community and free market economy. In a quite different sense, but to the same degree, Japan should be "reintegrated" into the West.

The Meiji Restoration made it possible for Japan to join the world community of nation states, and the defeat in the Pacific War transformed military Japan into democratic Japan. Japan had no choice but to be integrated into the West right after the second world war. It should be noted, however, that Japan and the Japanese people never spilled blood for democracy. American style democracy was just given to Japan, and almost half a century later it is not yet deeply rooted in Japanese soil.

Now, in the dramatic transition period of the Post Cold War and the Gulf War, the reintegration of Japan into the West would greatly benefit world stability and prosperity. I do believe this is the fundamental way for Japan to play a global economic role.

Urban Lehner

I'm very grateful that Mr. Yamazaki gave such a thoughtful and forceful speech. I think it's useful at conferences like this to try as much as possible to get out of the "foreign pressure trap"-this process of mutual manipulation whereby we tell the Japanese what to do and they say we can't help but do what the foreigners want us to do, or whereby Japanese who think to promote something by using foreign opinion to overcome domestic opposition. I think it's much healthier when the Japanese forthrightly tell us what they think, and what they ought to do, and Mr. Yamazaki has done a great job of that this evening. I also appreciate him for being so forceful because it relieves me of being so.

I'd like to focus my remarks on some slightly different current developments in the Japanese economy and how they relate to Japan's future ability to play a global role. What kind of economic strength Japan will or won't have in the future.

This being an after dinner speech, I will try not to overwhelm you with statistics or technicalities. I'm not competent to give you technicalities in any event. I'll give the statistics first and them come back to them.

First of all, I think one of the most interesting statistics to look at now in Japan is the slowdown in growth. Japan has been growing for the last several years at an annual rate of about 5 percent. It's going to slow down fairly soon, anywhere from 3 percent to 4 percent. Some people think lower or a bit higher. But it's going to slow down in growth quite significantly, and that's a phenomenon we need to talk about.

Capital spending, which has been one of the major engines of the Japanese economy, and has given it much of its power in recent years, is slowing down dramatically. Let's just say it's slowing down from double digit growth to single digit growth.

The Japanese trade surplus, which had narrowed last year to the neighborhood of around 50 billion dollars is going back up this year quite significantly, perhaps as high as 90 billion dollars. Economists differ in their estimates but it is a very significant fact about the Japanese economy that we need to pay attention to.

Finally , I think it's particularly worth noting that this year for the first time in 13 or 14 years Japanese exports to Asia will exceed exports to North America. That's also a fact that reflects a broader development in the Japanese economy which we can talk about.

I'd like to start with the capital spending phenomenon because, to me having been in Japan earlier and then returning a few years ago, it is one of the most astonishing developments in the Japanese economy recently. The Japanese capital spending rate is overwhelming, in the neighborhood of twice what the U.S. spends on a per capita basis. This is in absolute terms, even though the Japanese economy is quite a bit smaller than America's. Japanese companies spend more on new factories and new equipment for their factories. That's in absolute dollar terms. That is a fact that cannot help but have long term implications for the competitiveness of the Japanese and the American economies.

This subject could get me off into speaking about what America and its global role ought to be, but since our topic is Japan's global role I will limit myself to saying that a slowdown is occurring in Japan and a lot of people think that the fact that the slowdown is occurring signals some sort of major weakness in the Japanese economy. I don't agree, for reasons that I will discuss in a minute. Even at the slower pace Japanese investment in capital goods will be very, very significant indeed. Regarding Japan's global role as it relates to capital spending, I would simply say this. The capital spending reflects perhaps the greatest single strength of the Japanese economy, which is her ability in manufacturing. The Japanese make things with smarter processes than we do, or frankly, than anyone else does. I've spent years going to Japanese factories. I think if you wanted to look at what Japan's global role can be in the future, one of its global roles, and I mean this quite seriously, can be to teach the world manufacturing. I think that the Japanese have figured out how to do something that the rest of the world desperately needs to know how to do. More attention should be given to addressing how in both overall smart production processes and in the narrow sense of technology transfer, Japan can help other countries, by teaching both developed and developing countries to manufacture things better and thereby create more wealth.

The growth slowdown. Certainly, the fact that capital spending has been increasing at double digit rates in the past and is now increasing only at single digit rates is one of the reasons why the Japanese economy is going to grow only at the 3 percent range as opposed to the five percent range. But it's only one of several reasons.

There's a recession in the U.S., and so exports to the U.S. haven't been showing the strength that they have during more bullish times. And then we've had this matter of the Japanese bubble bursting. The tremendous runup in the price of stocks, land, and other assets frightened the Japanese authorities a couple of years ago. They began to tighten monetary policy, essentially stopped printing money so fast. The result of that has been the collapse in the Japanese stock market, and the slowdown in the increase of land prices There are places where land prices have fallen, but essentially what we're talking about is a slowdown in the increase. That whole phenomenon, in turn, has lowered housing starts and has discouraged banks from making loans.

All of these things contribute to a slowdown in the rate of economic growth. And as the rate of economic growth slows down, it becomes a self-feeding process. The result is that companies spend less on capital than they did in the past which, in turn, slows growth more.

Looking at the Japanese economy over the next two years we have a problem that is adding to the blues felt by some Japanese companies. There is a lot of money that Japanese companies borrowed several years ago during the boom times, borrowed mainly from the international money markets at very low interest rates through a neat little stratagem that was part of the bubble psychology. The stratagem was to issue bonds with warrants to buy stock attached, since everyone "knew" the Japanese stock prices were only going to rise. In other words, if you borrowed money by selling bonds, and attached a warrant to the bonds so that hey could be converted into stocks later, people would not look for much in interest on the bonds. This was because they would assume that they were going to make a lot of money by cashing the warrants into stocks, and they would profit from the increase in stock prices.

Basically Japanese companies were borrowing money at next

to nothing, or at least a lot of them calculated it that way. And that, of course, had something to do with some of their willingness to invest. What is going to happen in the next couple of years is that a lot of this debt is going to have to be dealt with somehow. The Japanese companies have figured that, if people hadn't already redeemed the bonds, they would redeem them for stock.

That's not going to work. The Japanese stock market has crashed. No one wants these stocks now. The bonds are going to have to be rolled over, and they're going to have to be rolled over at current interest rates, which are very much different now than they were a few years ago. They're very near the level of world interest rates, if not at the same level. Companies that were borrowing at 1 percent in the past may soon be borrowing at 7 or 8 percent That phenomenon is going to continue to depress the Japanese economy in the next couple of years. The result is, I think it's fair to say, that Japan is heading into a fairly serious cyclical slowdown. I won't say a recession because there are so few real recessions in Japan, at least by the American definition of what constitutes a recession. We consider a recession to occur when the economy declines for at least two quarters in a row. In Japan that rarely happens, and I don't know anyone who is actually predicting declines in economic growth in Japan. However, there are many people who are assuming that the slowdown in growth could be a nasty one, and that it could be fairly prolonged.

And that, of course, leaves the Japanese economy looking a little different than it might have in the past. It might even mean, as Japanese companies roll over their debt, that there's less money to invest overseas, that money that was overseas might even be coming home. A couple of years ago people in America were complaining about the buying of America by Japanese companies. I think in the future it's not out of the question to think that we might be complaining about the selling of America by Japanese companies. I think there are people who are going to wish that the Japanese had continued to buy American real estate and business rather than, perhaps, selling. I think it's possible that we shall see some of these sales the next couple of years, especially since some of the people most affected by the bubble bursting in Japan have been real estate

speculators, especially ones that were thinly capitalized. I don't know for a fact that there will be a big sell-off, the Japanese tendency is not to sell land if they can avoid it, but many people may have no choice. We have a situation in which the Japanese economy won't look as booming as it did, certainly not in the private investment sector.

Global role. I would say that the sort of old "outside pressure" medicine for Japan applies now more than ever. It seems to me that Japan ought to be thinking, as it shapes its economic policies in the next few years, about not only how its' policies will affect the domestic economy, but how those economic policies will affect the world. And so in setting interest rates in the future the Japanese government ought to be considering the overseas impact as well. I would think that in setting fiscal policy it would be good for the Japanese government to be thinking about playing some sort of locomotive role. There is a long-term program of public works spending that was negotiated between the U.S. and Japan in last year's Structural Impediment Initiative (SII) talks. It would be a fairly simple matter using supplementary government budgets to speed up that process at some point.

The tendency among Japanese policy makers these days unfortunately is somewhat to the contrary. There are people in Japan who say, in the mid-1980s they received pressure to increase domestic demand and stimulate the economy, which was done, but look what they got: The combination of the Plaza Accord and this stimulus produced a bubble effect, and land prices and social inequalities rose. They probably won't be as quick to act just because it might help the wider world economy.

I think that's precisely the wrong reaction. The bubble effect so far has proved manageable on the coming down side. It hasn't burst, rather the air has slowly been let out . And it seems to me that Japan needs more than ever not to turn inwards in its domestic policy making but to think about the rest of the world. The trade surplus is widening. That goes somewhat contrary to the effect of the capital spending slowdown, which is to say that as the trade surplus widens there should be some additional money available for something. Whether it will be used for overseas development or what I don't know. It seems to me

that the market is a pretty good arbiter of where capital ought to go and it flows pretty naturally.

I would like to stress two things in talking about Japan's global role as it affects the trade surplus. The first is that while Japan has opened its market tremendously in the past, it seems to me that whether you consider the market more open or closed now, Japan can't let up in thinking about buying more from overseas, not only from the U.S. but from Asian countries as well.

That leads me to my final point. Exports to Asia this year are going to be, as I said, higher than exports to North America for the first time in 13 or 14 years, and every indication is that the trend will continue, and will increase in the future. There are many reasons for it. You can see it in some of the corporate decisions that have led to investment in Asia.

What, in effect, is happening is that Japanese investment in Asia is leading trade. As Japanese companies build factories in Asia, they import equipment to put in those factories. The factory building process creates economic growth, which, in turn, means that while some of the initial investments being made were to avoid high labor costs in Japan, now Japanese companies are investing in Asia because the markets are booming.

The tremendous growth of Asian economies, which has been spurred in part by Japanese investment, is now creating demand for products. Thus Japanese companies find they can serve these markets better by building factories locally rather than by exporting. That is especially true, of course, because Japan has a labor shortage, and it becomes increasingly difficult for Japanese companies to locate large manufacturing operations in Japan. If they're going to serve a particular market they need to serve them by being close to that market. As Asia booms, Japan booms.

The Taiwanese economy is a good example of this. As Taiwan exports more products, it imports more from Japan, almost by definition. As it exports more products it builds factories, and it buys Japanese equipment and machinery to put in those factories, and so there's this built-in tendency for Japan to run a very large trade surplus with Asia now.

That, in turn, has led to this sort of self-feeding triangle in which Japanese companies export to Asia, Asian companies,

some of them Japanese transplants, some of them local Asian companies, export to the U.S. It seems to me that it would be wonderful in this situation for Japan to be importing more from everywhere, to be conscientiously looking for ways to buy more from Asia, the U.S., and from the rest of the world. It seems to me that trade is a much more sophisticated and ultimately masterful device for promoting economic growth everywhere, and if Japan were to continue on the path that it's going and to continue to open its market and buy more from the rest of the world, it would probably fulfill a global role that would benefit everyone everywhere.

The final aspect of this is technology transfer. I spent a good part of this year traveling in countries like Thailand and Taiwan, and what I hear is that people like Japanese investment, they like the money that it brings. However, they're concerned that Japanese companies are less interested in transferring technology. Some of that may be a misunderstanding. Some of it may be because Japan is new to this, but it's a problem, and it fits in with what I was saying earlier about what Japan does well. Japan is great at manufacturing. It ought to be teaching other Asians how to manufacture. There are some signs that Japan is doing that, but more could be done.

To summarize, it seems to me that the Japanese economy is fundamentally strong. It's fundamentally strong because of its economic and its manufacturing competitiveness. They're going to go through a couple of years of very slow growth, and you're going to hear people say this is it, this is the end; the Japanese have been very clever up until now but they've finally met their match. I don't think that's the case. I think the Japanese economy is going through something cyclical, not something structural. I think it will come back very, very strong, and in a couple of years, or maybe three years, we will be concerned again with the questions of what to do with all the excess cash.

RESPONDENT: James Kelly

I can't tell you what pleasure it gives a former bureaucrat to sit here and have two reporters give their opinions on the sub-

ject, and now I get to ask questions or comment on them.

Professor Kasulis' remarks about the soy beans earlier rang a chord because I heard about them a lot through the 1980s in Japan, even though the incident occurred in 1972, and I did some reading into what had actually happened back then. There are some lessons perhaps for now on that. The Nixon Administration did declare a brief embargo on soy bean exports. However, it was never actually carried out. There were no shipments stopped. There was scarcely a blip in the flow of this important agricultural product to Japan. What did happen, though, was all the Japanese wholesalers, who it happened had excellent positions in stocks of soy beans at the time, were able to raise their prices very substantially, and they made a killing at the expense of their countrymen, with all the blame going to "shokku" (the "shock") from the Nixon Administration.

It has contributed mightily to the lack of liberalization of rice imports over many years, and time and time again it's been thrown back. And the lesson, I think, is that surprises can happen, and unintended consequences of actions that don't seem to be all that important can cause a lot of effects for many years.

Unfortunately, as much as I would like to criticize the remarks of my two colleagues from the fourth estate, I have to agree substantially, and I think the two presentations were admirably melded, touching on very different kinds of ideas, and as Urban pointed out with respect to Mr. Yamazaki's presentation, it is nice for a change to have all these sweeping recommendations being made by a Japanese about his own country rather than an American having to say them.

Perhaps the only area that I might even begin to differ was with Mr. Yamazaki's comment that American style democracy was just "given" to Japan. There are a lot of scholars who question whether there is democracy in Japan. I don't agree with that at all, but whatever it is, it is not American style democracy. What we are about to see in the selection process of a new prime minister is unlike the American selection process.

The issue of GATT leadership touched by Mr. Yamazaki is extraordinarily important, and that's coming to a focal point, within the next month or so. It will be, I think, important for the world trading system, and I very much hope that Japan can be as constructive as they need to be on that.

The role in helping the U.S.S.R. is something we could talk about for a long time. The development of the Soviet Far East can only occur because of Japanese capital. Korean capital will play a small role in that. I visited that part of the former Soviet Union not too long ago, and I found some very mixed feelings among Russians as to whether they wanted to see the inundation that would be the inevitable result of development. We're going to have to see how that unfolds.

On Urban's very important points, investment frictions and trade frictions, I think it's a powerful force for stability that these particular frictions in the American context cut in very different ways. Trade issues have their own set of enemies and perhaps not so many friends. Investment has as many staunch supporters as well as enemies. The matter of teaching manufacturing is certainly an important point. It's one that the U.S. automobile industry is experiencing, but who is being taught and what lessons are being drawn is not entirely clear. There are some very high quality American-made cars being driven around that have Japanese labels on them.

The matter of capital costs touched on by Mr. Lehner is also, I think, extremely important. One, because for many of the years of the 1980s this was one of the main elements of the non-level playing field. Well, now that particular part of the playing field is level. Businesses in both countries are having to pay a lot for their capital. But Japan was way ahead of us when capital was cheap, and they're still ahead when it's expensive.

The most significant economic point that could be made is the matter of domestic demand and whether the Japanese government will choose to use the surpluses in the overall government budgets. The decline, or slowdown, in the economy stimulates domestic demand which would at the same time, I think, have positive effects on the trade surplus as well as perhaps stimulating growth. It's going to be interesting to see whether that takes place.

Some general comments. We are clearly in an uncertain decade of transition. The new world order is not defined, and if there's any point to this conference, it is that it's going to take a long time before it is defined in this country or any other. Economics is now prime but cheating and power grabbing has not been ruled out entirely.

With respect to Japan's global power in an economic or political sense, I think the fact is that we are already seeing a powerful interplay of the economic and political factors. Some of the examples pointed out earlier show how that is starting to take place.

I would use a few examples. The Japanese influence being applied now to North Korea is very political, but at its heart it's economic. North Korea is flat broke, and the only place they're going to get money is from Japan, and so the question is how it's going to be done. But diplomacy is being pursued, and as Ambassador Endo commented earlier, this is extremely important. This is a case in which Japan is the leader, not America. Japan should be the leader on this one because she is in the best position to effect a good outcome.

In Southeast Asia, I just got back from three weeks in four of the Asian countries. The visit of the Emperor of Japan to Thailand, Malaysia and Indonesia went without a blip. If anything could have indicated how political and economic influences could come together in a way that's certain to benefit Japan's interest, and probably the interest of the world as a whole, that visit is such an example.

The speech given by Foreign Minister Nakayama at the last Asian Post Ministerial Conference was also very significant. It was adversely criticized in a few places in Asia and places in the U.S., but it was a clear and subtle articulation of an Asian policy of the kind that Mr. Lehner referred to, and I happen to find it pretty constructive.

And then, of course, the relationship with China has a political component now for the first time, even though it is primarily economic as well. The visit of Prime Minister Kaifu started to show some of that as well. There are other examples coming up, but the point is, the situation now is not what it would have been, one, two or more years ago.

A few other things in passing. There are some weaknesses, obstacles, situations that exist in Japan that lead one to wonder about the future. Some of them are very structural: the aging of the population, the impact of imbalance of land prices on Japanese culture. What effect will it have on the kind of national cohesion that's been very important for Japan in the past?

There are certain elements of the nature of the Japanese gov-

ernmental system that are going to be seriously tested as Japan's global role expands. The weaknesses of the prime minister and the inability to deal with surprises are a few examples. It is the normal activity of bureaucrats to deal with the expected, but we're in a world in which the unlikely seems to happen all the time. Yet there is no crisis management mechanism, and there is very little mechanism for handling items across Japanese government departments. Many of these departments, in fact, quite often work at cross purposes to each other.

The personnel issue is one that was touched on by Mr. Yamazaki's. I think it's extremely important that the the government of Japan be able to provide effective bureaucrats to institutions like the World Bank, the IMF, and IAEA in Vienna, and other multinational organizations. However, the structure is such that nobody wants these jobs because they have no base or career home to return to. If Japan is going to play a greater global role they have to put good people in those places. The system at the moment doesn't seem to permit it.

I end with one brief comment about the upcoming presidential visit. I think it's very unfortunate that the press is playing it in terms of whether Bush is in Japan for 48, 52 or 96 hours. This is something I think that's really quite unimportant. For the first time an American president is going to Japan to call on a new counterpart, the Prime Minister, and he's going in advance of the 50th anniversary of Pearl Harbor, that's been much commented on in Japan, if not in America. The President has been criticized for not taking enough interest in Asia. He's doing this, and it's a very positive visit that I think has as its objective the rebirth of the kind of global partnership that was ignored during the problems of the war a year ago. I think that it's unfortunate that this focus is on how long it has taken, and whether it's a bullet train trip or not. This visit has to be a win for both sides; if Bush comes out of this with a lot of criticism on the American side he's not a winner, and I think both sides have to recognize that.

My last point is a question, because it seems to me that there is a high probability of a stronger yen coming as a result of some things that happened. In 1985, when the yen increased in strength from 240 to about 140 or 150, yen to the dollar, the effect from the Japanese perspective was to cut the price of

every piece of property in the State of Hawaii by about 40-50 percent. If there is a strengthening of about 100 to the dollar, we would see a further 30 percent cut in Hawaii prices. There is a capital shortage we know, but my question to both of our speakers is whether you think the yen is going to strengthen; and if so, is the money going to come flowing back to our state and run up our taxes.

Urban Lehner

The first thing I learned when I went into this business was never to predict currency rates. The logic has been that the yen should be stronger than it is. Remember that when the yen went from 240 to the current levels -- actually it didn't stop at 140 -- it went all the way down to 120 --and then it slipped back for a couple of years. Now it's at the 130 level, approximately. It can go to 115 and the price of land probably won't be substantially different than the price paid previously by a lot of Japanese investors. They probably bought at the strongest point of the yen, so I'm not sure how much difference it makes.

Secondly, Japanese banks are not lending for real estate these days. There's no money available in the banking system for real estate loans, so I don't see a whole lot of that capital coming back here.

Fumiko Halloran

I was very pleased to hear what Mr. Yamazaki had to say in his speech because I share many points that he raised, and Professor Kasulis raised the question about the younger generation of Japanese. I don't know about Japanese who are in their 20s, but I can say something about those of us in our 40s. We don't have any personal memory of World War II. We were born just before the end of the war or right after the war. We knew vaguely that everybody was poor after the war, but being a child it didn't register just how poor our parents' generation was. But when we were growing up the economic boom began to take off, and because we saw a better life every day, I think our personal experiences have given us a kind of optimism about the future of our country. On the other hand, because we

were vaguely aware of the poverty right after the war, I think we do have a rather cautious optimism and also a realization that material gain can be taken away anytime. We don't put 100 percent trust in economic prosperity either.

I think we are the constitution generation. We grew up believing in what the constitution said about American values -- pursuit of happiness, democracy and freedom -- the whole thing. I remember when I was in grammar school in Japan, on constitution day, which was in May, our teacher required all the children to recite the preamble to the constitution. Line by line we recited. Even though the ideas were very abstract, they left a very strong impression on us. I have many friends in Japan who are in the government, the press, or the business sector, and I have a feeling that we share the belief that we want to keep these democratic values that we were brought up with.

Recently I was in Tokyo talking with a friend, who is a senior official in the government involved in U.S.-Japan negotiations. He and I were talking about religion and values. At one point I asked him, "But you do live by certain values, don't you?" And he said, "Yes." I asked, "What are those values?" He thought for a moment and said, "democracy." I live to preserve democratic values. Although many of my friends might not be so explicit, I have a feeling that people of my generation, who are in their 40s, share these same values.

Yas Kuroda

Mr. Yamazaki you listed a number of things that the United States wants Japan to do, but you didn't share your ideas about the unique contribution Japan can make to her Asian neighbors, namely how to modernize their economy without losing their cultural identity. Is there something they can learn from Japan's unique society and its economic successes?

Kazutami Yamazaki

I don't have any idea about how Japan can contribute uniquely. I believe that Japan should overhaul herself first. We need to recognize where Japan is now, where Japanese society is now, how the Japanese people think now. I will give you one

example. Last November when the Japanese hostages in Baghdad were released, several of them were interviewed by a Japanese network reporter in Baghdad right after the release. When they were asked what the first thing was they wanted to do after being released, they said they wanted to go to their company first. And in fact, all the companies which had employees as hostages were prepared with black limousines to pick them up at Narita Airport when they came back, and they were taken to the company first before they went home. Second, when they came back I was watching television in my office. The men, the husbands, came out as a group first, then their wives and children followed. They didn't come out as a family. Third episode. A couple of them paid a visit to the Prime Minister's office the next day to say thanks to Japan's government. One of them was interviewed again by a television reporter. He was middle aged and looked very capable as a business man working for a large trading company. But he said that when he was in Tokyo and even after he went to Baghdad, he didn't recognize that world peace is so easily broken. He went on to say, "So I really want the world to keep the peace." He didn't say "we should keep the peace." He didn't say, "I shall keep the peace." Such an idealist! These episodes, to me, are clear evidence that we have to do something about Japanese society now.

Hideto Kono

Each one of us tends to look at nation-states and consider them as entities. Although some nation-states have organized themselves as a group, the real transformation that's occurring, in my opinion, are in the nature of corporations. Corporations have crossed national borders for their own convenience because they need to source labor, material, experts, etc. But their nationality has become much more difficult to identify, but still, we say Zeiman's is German, Sony, is Japanese. Brothers' typewriters were being produced in the U.S., but when the company sued Smith Corona, the Commerce Department declared that the Brothers Co. couldn't sue because it has no standing. This is a Japanese company, even though it has employed 450 Americans and much of the content of the products are American. How do you experts see this down the line as to what's

going to happen in terms of national policies and the national identity of multi-national organizations?

Urban Lehner

I think that's an excellent question. Let me take an extreme hypothetical example. Let's suppose that everyone in America worked for a multinational company, and let's suppose that all of those multinational companies had manufacturing operations in all quarters of the world. They made things in Asia, Europe, the United States--but all of them had their headquarters in Tokyo. I realize that this is a ridiculously absurd hypothesis, but imagine for a minute how people in America would feel if that were the situation. I think they would feel colonized. The fact that that emotion would be engendered suggests that the nation-state is not yet obsolete, and it's not yet obsolete economically.

The argument that you were presenting about multinational companies is reminiscent of the Robert Reich article, "Who Are Us?" that ran in the Harvard Business Review a couple of years ago in which he presented the argument, are Americans better off if Sony builds television sets in California than if Motorola builds semiconductor chips in Malaysia, essentially.

There may be something to that on certain levels, but one of the questions that it doesn't really address is what about management skills and top management skills in general. If companies come in and provide good jobs in America, that's fine. But if all of the good jobs in America are provided by foreign companies, we wouldn't like that and for good reason. I think that companies do, still, have national identities. I don't think that's going to go away very quickly. Even in America, the number of foreign directors who sit on American boards is negligible; and it's even smaller when you look at European companies and Japanese companies. Yes, there is this tendency to produce things across borders, but I think it still leaves a lot of national identity issues alive and on the table.

Yao Sahib, JAIMS

My question is for Mr. Lehner. Mr. Yamazaki suggested that U.S. and Japan should continue to build their relationship in the

1990s but the way the economy and the economic situation is right now, both economies are going down. Therefore, imports from Japan into the U.S.will not increase much at this time. But in a couple of years, we're still going to have the same problem, a trade deficit between Japan and the U.S. Do you think that we will have the same situation at that time, or do you think that U.S. and Japan will be able to work on a better relationship in the future?

Urban Lehner

I don't think I have an answer for that. I agree with the premise of the question. I do think that the trade deficit with Japan is going to be a very long-term phenomenon. I don't see that in the next few years we're going to make much of a dent in it. We may reduce it; but we're still going to have a rather large trade deficit with Japan. And it seems to me that if you said, my first priority is good relations with Japan, then the kinds of things that you would try to do would be to stop various attempts at protectionism, etc. And I think that you have an administration in Washington right now which, relatively speaking, is committed to do that. I think if you had a democratic administration in the future, almost any Democratic administration, one could imagine it would be more protectionist. Then we might be in a different situation.

I think a lot of the cooperation between the U.S. and Japan is going to be corporate cooperation rather than national level cooperation. I don't see a wave of joint ventures, but I do see a lot of company-to-company projects. I'll give you an example, which is Mr. Yamazaki's company and my company. We are clearly competitors on a number of levels, Dow Jones and Nihon Keizai, but we also have a number of collaborative arrangements. We print the *Nihon Keizai Shimbun* in the U.S. and on the continent of Europe. The *Nihon Keizai Shimbun* prints our newspaper on its presses in Tokyo. My office is in Mr. Yamazaki's building because we, in turn, provide offices for Nikkei reporters in our offices in various parts of the globe. We sell advertising in our publications in the United States for the *Nihon Keizai Shimbun;* they do the same for us.

There is a whole series of ways in which we cooperate on a

contractual basis, even while we are competing. I see that sort of arrangement as sort of a wave of the future. I think full-scale joint ventures are probably the past answer, and they've not proven to work very well. But there can be ad hoc technology sharing arrangements, ad hoc cooperative ventures of various sorts, mutual investments in each other's business and in third businesses. I think if you want U.S.-Japan cooperation, a lot of it is going to have to be done on the corporate level because I don't really see much of it being done on the government level.

Kazutami Yamazaki

First of all, even if the United States' trade deficit with Japan increases again in the near future, both countries would be in a better position to understand each other. Readers in both countries are better informed; and our economies are more and more intertwined. Moreover, the political leaders, especially the negotiators of both countries have learned a lot about each other in the first ten to fifteen years.

However, there may be problems on Capital Hill. You may remember the incident of the smashing of a Toshiba cassette deck by a Congresswoman from Maryland. The Japanese media treated this incident very, very sensationally and she became very famous in Japan. So it is important that your political behavior is sound and rational.

Punahou High School, Exchange Student from Japan

Regional security in Asia is urgently required. But it was mentioned that the U.S. is decreasing its presence because each individual country's capability for self-defense is increasing. Moreover, economic growth has been tremendous, and because of the free trading market Japan is able to enjoy capital growth. But it is our fathers' generation, that brought about the capital growth. I never saw my father take a Saturday or Sunday off. But generally, the people of the younger generation, who are in the education system don't talk about the constitution, and don't talk about self-defense forces. When you talk about an increase of the capability for self-defense or about foreign aid, we must consider some generational differences. When you

mentioned that we are in the decade of transition, are we presuming that in the next two decades we need a tremendous amount of domestic change; - of educational-social changes? Are we putting these consideration in the budget? I believe that change has to take place within each person. And I think that Japan already enjoys economic growth, and it's time now that we have change amongst the younger generation. I'd just like to ask, is it appropriate to establish a budget which provides for change domestically before we help others?

Kazutami Yamazaki

My answer is very short and clear. We should provide for educational change. It's very important to educate the younger generation. For example, this July I went to Australia on a business trip. I visited seven different cities in two weeks, and I learned that the Port of Darwin, the northern part of Australia, was attacked by the Japanese Imperial Air Force, if my memory is correct, almost two months after they attacked Pearl Harbor. But no school textbook in Japan mentions that fact. So I'm going to write an article about the 50th anniversary of Pearl Harbor, but I shall also use these articles to let the Japanese leaders recognize the importance of education.

Punahou High School Student

My question is similar to the previous one, about the motivation of the younger generation. I agree with people's approval of Mr. Yamazaki's statement, and that it is about time for a Japanese to be endorsing these American ideas. When did this idea suddenly become embraced by the Japanese? Because Mr. Yamazaki's statements sounded so idealistic, I was wondering if the Japanese really are motivated to do something like what he recommends. Were these ideas due to pressure from the world community? Or have the people come to realize that the world now has to come together and everyone has to cooperate? Is there a selfish or self-interest kind of motivation that would make the Japanese want to do all those things that you were talking about?

Kazutami Yamazaki

That's a very good question, and I'm amazed at hearing what you said because I'm wondering how you reached that point. What I said in my remarks was, yes, very idealistic. But my real purpose is to let the Japanese recognize where we are in a very provocative way -- at least I tried my best to be provocative, because as you mentioned, in our society -- if you talk about the U.S.-Japan economic relationship, nothing ever gets done without having pressure from Mr. Kelly's government.

Ms. Anzai

You were saying how Japanese society has become so greedy and you were giving examples of scandals . Do you expect that the Japanese will somehow adopt your idealistic views?

Kazutami Yamazaki

It takes a long time. But at the same time, Japanese society is changing, bit by bit. The pace of change, the scope of change, is imperceptible, but it's true that Japan is changing.

Moderator

If I may add to that response. One change that we see here this evening is that an opinion maker in Japan, an influential opinion maker writing for one of the major newspapers, is saying the things that he said tonight. That, in itself, is significant, a very important start.

Thomas Kasulis

I'd just like to make a very brief comment that connects a few questions I heard in this session. One of them had to do with Japan as a model for the rest of the Asia, and how it has modernized but somehow still kept some of its traditional values. This relates to part of your question.

Very quickly, my observation is that: What Japan pulled off was acting western to westerners and acting Japanese to Japa-

nese; and that has been the success of the Japanese system. And the problem has been, that whenever the Japanese are interacting with other Japanese in a Japanese way, and the Westerners become involved, conflicts develop. But the West, particularly the United States, puts up with some of the difficulties of that for security reasons. Sometimes we really wish they would act like us westerners, but they're acting like Japanese, and that's okay because ultimately we need them for balance of power in relation to the Soviet Union and China. But what happens now is precisely in terms of what Mr. Yamazaki said. The kinds of change he's talking about now is internal. That is, Japan has changed a great deal in how they deal with other people, but they have not changed a great deal in how they deal with themselves. To accomplish the types of things that Mr. Yamazaki has talked about is going to require what he called reintegration in Japan. It's going to be internal-looking, which is a major cultural feat that is not readily done without force from either outside or inside.

Douglas Cook, Pacific Air Forces at Hickam

I have a question for Mr. Yamazaki. You said that Japan needs to overhaul itself. Karel van Wolferen in his book, *The Enigma of Japanese Power,* said that the Japanese press is not confrontational, and it is beholden to the people in office. Could you please explain how the press in Japan could help contribute to this overhaul?

Kazutami Yamazaki

I agree with Karel van Wolferen on that point. You may know that the Japanese press club is not a place for reporters to just socialize. It is a place for gathering news and making the news. And when Karel van Wolferen said the Japanese media is a part of the power structure, I agree. The Japanese media does function as a part of the check and balance system, which is a very important function of democracy. As a boy, I saw many American western films, and in American western films you sometimes see a single man publishing the town newspaper. The newspaper man usually is very weak physically; but he has a

strong sense of justice and he always fights against that corrupt sheriff or the outlaws by publishing his newspaper. That is the good tradition of American journalism. The Japanese media hasn't come to that point yet. Very recently one of the very liberal Japanese weekly magazines wrote an article about the Japanese media saying that the "shimbun" (newspaper) is always made by the company, but a "newspaper" is always made by journalists. That is the way the Japanese media is now.

Bob Sakai

I very much subscribe to what Mr. Yamazaki had to say; however, there is an uneasy feeling that there may be some contradiction between speaking about the efficiency of production in Japan and copying American-style democracy. Is there or is there not some contradiction in that you get some of the efficiency by being less democratic?

Kazutami Yamazaki

That's a very good question. I am not suggesting that we should import American democracy intact. I was talking about basic principles, the basic way of thinking, way of life. So as someone raised before, we should export some of our unique contributions to the United States, for example, quality control. Even quality control, first we imported it from your country, but we can now re-export to your country. And also, we could teach how to manufacture very good quality goods.

Russell Honma

I just want to comment on the difference in government policies in Japan and in the United States regarding the internationalization of business. The Japanese government allows private business to seek profits abroad without much government intervention. The U.S. government set up various watchdog agencies. This seems to have something to do with attitudes, ethics and morality. Perhaps when changes are being made these values should be taken into consideration.

III. SCIENTIFIC & TECHNOLOGICAL IMPACTS

Ambassador Tetsuya Endo

It is a great honor for me to participate in this symposium and to speak in front of such a distinguished audience. Also, I consider Hawaii to be my second home. I first came here at the beginning of 1985 to serve as Consul General. It was a wonderful stay, but unfortunately it was for less than two years. Secondly, it is good to participate in this session with Mr. Fukushima, my counterpart here in this session. He was one of the top United States Trade Representatives during the bilateral negotiations between the United States and Japan held alternately in Tokyo and Washington in the period of 1987 to 1988. These negotiations concerned cooperation in science and technology. There were many heated discussions across the table, but finally we were able to reach a satisfactory consensus.

Essentially, this agreement between United States and Japan in the field of science and technology was signed by the former President of the United States, Mr. Reagan, and former Prime Minister of Japan, Mr. Takeshita, in June 1988. The agreement now forms the basis of Japan-U.S. cooperation in the field of science and technology.

I would now like to put forth my views on four subjects, namely: (1) the relationship between science and technology, and economic and military affairs; (2) development in science and technology in Japan; (3) science and technology in the context of Japan-U.S. relations; and (4) Japan's global contribution in this field.

I should preface my remarks by saying that I am not a scientist nor an engineer; my background is in law and international politics. But one of the advantages may be that I can speak in easier terms as a half layman.

The Relationship Between Science and Technology and Economic and Military Affairs - Some Recent Features of Science and Technology

Science and technology is a driving force in economic development, and it also plays a major role in military affairs. It is a

keystone of economic and military power of the nation; or rather, I should say the keystone of the nation itself.

For instance, Japan's GNP accounts for about 15% of the world GNP; and therefore, Japan is sometimes referred to as the "15% state." However, none of the traditional factors of the economic index, such as population, size or natural resources is deserving of such a name. The term must be the result of science and technology.

(1) Science and Technology as a driving force of economic development

The development of science and technology brings about the raising of living standards and is a major factor in the economic development of a nation. However, in the past, this development was very slow as was it's impact on the economy, and there was plenty of time for society and the economy to adjust themselves accordingly.

However, since the industrial revolution, inventions and discoveries have emerged and impacted the economy one after another, without significant time intervals for an adjustment. Individuals enjoy the benefits of such developments, but society as a whole may suffer when, for example, an invention is immediately brought into mass production, causing a flooding of the world market and thus trade friction.

As I mentioned earlier, science and technology is a driving force in economic development, and we cannot expect to have economic development without it. Moreover, its role will increase in significance as the economic structure inclines itself toward software and information technology.

The development of advanced science and technology, such as information technology based on micro-electronics, life science, and biotechnology based on molecular biology, and material sciences involving such developments as superconductors and ceramics may widen the gap between developing and developed countries. The gap in competitive power which currently exists among developed countries might also increase, and there is a fear that international frictions will be intensified. Moreover, the technology-holding states might be tempted to withhold their advanced technologies which could result in the

danger of techno-nationalism.

(2) The close relationship between science and technology and military affairs

There is no need to speak at length about the close relationship between science and technology and military affairs. The critical importance of technology to security was dramatically demonstrated in the recent Gulf War. The victory of the coalition forces led by the United States was in a sense one of high-technology-based arms and weapons systematically used against Iraqi targets.

The development of science and technology progresses rapidly during wartime as each nation endeavors to mobilize its human and physical material resources to the maximum extent possible in order to gain victory. Typical examples are nuclear energy, radar, jet engines, etc., which were developed during the Second World War, and the space technologies which arose from the Cold War.

Technology transfer to civilian use is a by-product of such military technological developments, and it is sometimes referred to as the "spin-off effect" of military technologies. This "spin-off effect " continued until after World War II, and since then civilian technologies have tended to develop independently. In fact, civilian technologies have reached a very high standard owing to big increases in R&D budgets and also to intense competition among private industries.

Nowadays, the "the spin-off effect" has been reversed, and advanced technologies developed by private industries for civilian use are increasingly used for arms and weapons, a process sometimes referred to as a "spin-on effect." I think it's a rather newly coined word. Semiconductors are a good example; although developed to a high standard for civilian use in Japan, they are now widely used as components of advanced arms and weapons, such as missile guidance systems. Then CFRP (carbon fiber reinforced plastic) developed in Japan for fishing rods, golf-club shafts and tennis rackets is expected to be used as a material for the next generation aircraft because of it's lightness and strength. So in this respect, both Japan and Germany have been able to create civilian technologies superior to military ones

through concentrated efforts by intense competition, and they have successfully brought their high quality, low price products onto the world market.

As civilian technologies are increasingly applied to a wide range of uses, consideration of security has become indispensable. International transfer of such technologies should be carefully monitored in order to avoid the possibility of increasing the military capabilities of the adversaries. The Cold War has ended. Particularly, living in Vienna, which is the center of Europe, I feel how the Cold War has almost come to an end. It seems that a review of COCOM is needed. However, the world today is faced with another kind of threat; namely, proliferation of nuclear weapons, proliferation of chemical and biological weapons of mass destruction, and their delivery in the Third World. This threat appears to be growing, along with the increasing danger of regional disputes in the Post Cold War, as we have just seen in the Gulf.

The issue becomes more complex because of the development of dual-use technologies and the necessity to weigh the need for control from an international security point of view against the need to avoid excessive disruption of the free flow of technology.

Developments in Science and Technology in Japan

(1) Japan - an advanced country in science and technology

Japan is now one of the most advanced countries in the field of science and technology, as is clearly shown by some indices. In 1989, the total research and development budget in Japan was approximately 82.7 billion US dollars, or 2.91% of GNP (Table 1). Japan is therefore second only to the United States in terms of its total budget; and when this is taken as a percentage of GNP, Japan ranks first in the world, followed by Germany.

With regard to the number of scientists, researchers and engineers in 1990, Japan had almost half a million, equivalent to half of the number in the United States. The ratio to population, however, is slightly higher than in the United States. But this figure includes only researchers and engineers with university degrees and above. In Japan, however, many engineers or tech-

Table 1. Research costs of major countries

	US	Japan	USSR	Germany	France	UK
Costs in US $ 1 million	132,350 (89)	82,741 (89)	61,967 (88)	33,662 (88)	21,680 (88)	12,999 (86)
as a percentage of GNP	2.8 (89)	2.9 (89)	NA	2.8 (88)	2.3 (88)	2.4 (86)

Table 2. Researchers in major countries - science and technology field

USSR (88)	US (87)	Japan (90)	Germany (87)	France (87)	UK (86)
1,522,200	806,200	457,450	151,500	108,200	98,700

Table 3. Trade in technology

	US (88)	UK (87)	France (88)	Germany (88)	Japan (89)
Imports in US $ 1 million	10,750	1,546	1,143	1,004	2,306
Exports in US $ 1 million	2,050	1,684	2,232	2,183	2,310
Balance	8,700	-138	-1,089	-1,179	-4

(years are indicated in brackets)

nicians are high school graduates or graduates of vocational schools, and if these are included, the figure would be much higher (Table 2).

Regarding trade in the field of technology, namely technological transfer, Japan has achieved its economic development by introducing technology from western countries, particularly from the United States since the end of the World War II, resulting in the continuous excess of imports. Recently, however, technology export, especially to Asian countries has been increasing rapidly, and in 1989 a balance was achieved between exports and imports. With regard to transactions between Japan and the United States, the United States still maintains an accumulated excess of exports, although with regard to recent transactions, technology export from Japan to the United States has increased significantly (Table 3).

The number of patents is one of the symbols by which Japan is viewed as a major power in the field of science and technology. In 1987, the total number of new patents and manufacturing licenses applied for worldwide was approximately 1,300,000. Of these, 540,000, or 41%, were applied for by Japan, 14% by the Soviet Union, and 10% by the United States. So the remarkable thing is that in 1990 the top four corporations obtaining most patents in the United States were, in rank order, Hitachi, Toshiba, Canon, and Mitsubishi, with Fuji Film in 6th place. Yet, in 1975, not one Japanese company was on the top ten list.

In the field of basic research, Japan is generally thought to be behind western countries. If we look at the number of scientific papers submitted to major academic journals in the world, which is considered to be one of the indicators of international contribution, the United States holds the predominant position, but Japan is becoming a significant contributor.

(2) *Strong manufacturing technology and weak basic research*

So as those figures show, Japan has become one of the most advanced countries in the field of science and technology. But how does the future of Japan's science and technology compare with those of western countries? Firstly, there is the overwhelming power of Japanese technology, especially with regard to manufacturing technology, in particular in high-tech industries.

When we consider Japan's technological prowess, we think of the number of industrial products and their share in international trade. Many Japanese products, for example, automobiles, semi-conductors, cameras, watches, VCRs, TVs, industrial robots, and so on, hold dominant positions in the world market.

There are two factors which account for this. One is an extremely efficient, reliable work force, supported by a system of stable employment for life, and also, a spirit of company loyalty which was discussed by the panel yesterday. Another is good management technology and well-organized production processes. Furthermore, there exists an industrial structure which is not merely short-term profit oriented. On the contrary, R&D activities and capital investment are based upon long-term strategy. Because in American industry stockholders expect quick turnover of shares, it is not easy to engage in long-term R&D activities or capital investment. Thus the inclination is rather towards short-term measures.

But can we conclude that Japan's science and technology is of an extremely high standard only on account of its above-mentioned high technology products? If we carefully examine Japan's high-technology from the viewpoint of trade in the field of technology, quite a large portion of basic technologies is imported from abroad. Japan had to introduce basic technology from outside. It did not make much effort to develop basic technologies itself, concentrating, rather, on the improvement and application of existing technologies. It specialized in the development of mass production processing of high quality products with high value added. As a result, Japan's manufacturing technology is now superior to western countries, but those basic technologies often called "generic technologies," which form the basis of manufacturing technology, are comparatively less developed.

Unlike its high tech power, which is supported by private industries, Japan's basic research is inferior by international standards. In making an international comparison of basic research, one indicator is the number of Nobel Laureates. If we look at Nobel prize winners in the field of science and technology, namely in the fields of chemistry, physics, physiology and medicine, the number from Japan is low compared with major western countries (Table 4). Moreover, two out of the five ,

Table 4. Breakdown of noble Laureates
(in the field of chemistry, physics, and physiology and medicine only)

Country	1901-1945	1946-1990	Total	1981-1990
USA	19	140	159	36
UK	25	40	65	4
Germany	36	22	58	9
France	16	6	22	1
Sweden	6	9	15	4
USSR	2	8	10	----
Netherlands	8	2	10	1
Switzerland	4	7	11	2
Austria	7	1	8	----
Denmark	5	3	8	1
Italy	3	4	7	2
Belgium	2	3	5	----
Japan	----	5	5	2
Others	8	15	23	2
Totals	141	265	406	64

namely Doctors Esaki, IBM, and Dr. Tonegawa of MIT, although Japanese nationals, conducted their research work on which the prize was based while they were in the United States.

There are three factors which support basic research; namely, budget, infrastructure and education. So I'll touch very briefly on the first two of these.

First, with regard to the budget in 1989, the cost for basic research in Japan amounted to nearly 13% of the total research costs in the field of natural science. This is roughly the same as the 12% figure in the United States, but in some European

countries it is nearer to 20% of total research costs. For instance, in Germany it is 18%; in the United Kingdom, about the same percent; in France 20%. However, the definition of basic research is not clearly made, and although the percentage is the same for Japan and the United States, in Japan distribution of the money is rather thinly widespread. It's a sort of bad equality syndrome of Japanese budget allocations. And therefore it's not so conducive to obtaining good results.

Some basic research work in Japan is conducted by private industries, but most is done at national research institutions or at universities. Private industry basic research work is very much oriented towards profit making. So real research work in basic science and technology is done by the universities and the national research institutions. But the R&D budget of all the universities in Japan may not even amount to that of one large corporation. This shows how poor we are in our basic research activities at universities and national institutions.

With regard to infrastructure, Japan's facilities for basic research activities, especially in the universities, are extremely poor; with the exception of some facilities, they are significantly inferior by international standards. Tokyo University is considered to be the best university in Japan but the facilities there are so poor that I personally wonder how any research can be carried out under such conditions.

Science and Technology in Japan-US Relations

Now let me proceed to science and technology in Japan-U.S. relations. Technology has become a crucial factor in Japan-U.S. relations. As Japan increased its international competitiveness in one industry after another, such as color TVs, steel, automobiles, machine tools and semiconductors, and as the trade imbalance between the two countries grew in Japan's favor to the order of 50 billion U.S. dollars, attention came to be focused on technology as the crucial basis of international competitiveness. As the 1980s progressed, the United States even came to view the advance of Japan's technology as a threat to the U.S. economy.

Negotiations to conclude the bilateral agreement in the field of science and technology, which I referred to earlier, took place

under such circumstances, and there emerged the following three issues first, Japan's free riding on U.S. basic research; second, the role of the Japanese government in the development of science and technology; third, the imbalance in the exchange of researchers and information between Japan and the United States. Let me very briefly touch upon one of those.

(1) Japan's free-riding on US basic research?

In the United States, about 50% of R&D is funded by the government, and the role of the government in R&D remains very large, even if we disregard the defense-related component. A considerable portion of the budget is allocated to basic research through universities and national research institutions. On the contrary, Japan's R&D is led by private industries, as I mentioned before, and only 20% is funded by the government.

So how big is the difference between United States and Japan in R&D? The United States claims that structural imbalance exists between the two countries concerning access to basic science and technology. Universities and research institutions in the United States, in principle, are open to the public, and many Japanese researchers spend time at such facilities. The Japanese private industries are thus able to benefit from the fruits of research carried out at these facilities. They are then able to manufacture competitive products and make easy profit by exporting them to the United States markets.

Basic research at universities and national research institutions in Japan is weak and is less attractive to the United States. The most attractive research activities, from a U.S. point of view, are those undertaken by Japanese private companies, supported by affluent resources. However, there still exists a barrier of "industrial secrets."

In other words, private industry, does not always open its' doors to outsiders. Although some of the U.S. claims may not be correct, in my view, there is no doubt Japan's basic research is very weak and the Japanese government should make every effort to increase its budget for basic research so that Japan, commensurate with its economic power in the world, can contribute to international public assets with the fruits of its basic research.

(2) The role of the Government in the development of science and technology

There seems to be a certain difference between the roles played by the governments of Japan and the United States regarding the development of science and technology, both in terms of realities and perceptions.

During the period of economic reconstruction following World War II, the Japanese government selected some industries which it protected and encouraged by funding R&D, providing low interest loans, or through preferential taxation. However, in the last ten years, no such policy has been in operation as far as the advanced industries are concerned. Some leading technologies in Japan were developed with little or no assistance from the government. For instance, Japan dominates the world market for VCRs, video cassette recorders, but that technology was entirely developed by the industry itself. The Japanese government undoubtedly played an important role in the development of technology and industry by identifying the directions for industrial development, such as heavy chemical industries in the 1960s and the knowledge-intensive industries in the 1970s, but the main driving force for Japan's successful development of industries has come from the private sector. It seems to me, therefore, that the role of the government of Japan may have been rather exaggerated, thus enhancing the image of "Japan Incorporated."

(3) Correction of the imbalance in exchanges of researchers and scientific and technological information

The United States claims that there is a great imbalance in the exchange of scientists, researchers, and engineers between the two countries. A typical example which the U.S. government cites is that more than 300 Japanese researchers are permanently engaged in research activities at the National Institute of Health, mostly on U.S. scholarships, whereas only a few American researchers are sent from NIH to Japan, so the balance is 300 versus 4 or 5.

They request that, as Japan is now a scientific and technological power almost equal to, or indeed, on the same level as the

United States, it should tackle the enlargement of basic research activities, scholarships, and Japanese language training, and thereby significantly increase the opportunities for American researchers to come to Japan.

It is said that in recent years roughly 20,000 Japanese researchers per year have entered the U.S., whereas only a few thousand have gone from the United States to Japan, including short-term visits. However, it may not be fair to discuss the exchange of researchers only from a quantitative viewpoint, since the research itself is of a qualitative nature. There is also the view that Japanese researchers staying in the United States assist American researchers and thereby contribute to U.S. research work.

Even taking these factors into consideration, however, it is obvious that there exists a big imbalance in the exchange of researchers between the two countries and it goes without saying that Japan should make efforts to redress this imbalance.

Japan's Global Contribution in the field of Science and Technology

This is the main theme of our panel. Up until now, Japan has placed major emphasis on science and technology for industrial development and has been very keen to introduce science and technology from western countries, particularly from the United States. Japan's development proves that science and technology is an indispensable factor for economic development, and it is a matter of course that Japan will continue to attach great importance to science and technology as the basis for its industry. Developing countries are also following Japan's example and seriously tackling science and technology as a means to furthering their economic development.

Now that Japan is a major power in the fields of science and technology in its own right, it is not enough for Japan to have in mind only its own development in the field and in its economic development; it should investigate what sort of role it can play for the benefit of the international community. I should like to propose the following four measures which would enable Japan to contribute further.

(1) Enlargement of basic research

First, enlargement of basic research work. Japan's basic research is far from satisfactory, both from a quantitative and qualitative point of view. The effort should be made towards its improvement and expansion. This is not a matter of escaping criticism about free riding on basic research; it is a matter of Japan's basic policy itself.

(2) Enlargement of the international exchange of science and technology

After the imbalance between the countries in science and technology exchange became apparent at the aforementioned negotiations, efforts have been made to diminish the imbalance in the exchange of information and of researchers. These efforts now are beginning to show some results, including the number of fellowships. In other words, in order that many foreign researchers may visit Japan, it is necessary to establish attractive research facilities, so-called "centers of excellence," to engage in research which is unique to Japan, or to create an atmosphere of friendly competition among researchers.

(3) Positive participation in international cooperative projects

Large-scale international cooperative projects, which are too costly to be undertaken by individual countries, will increase in number, along with the enhancement of international exchange in the field of science and technology. Japan is actively participating in such a project, a manned space station initiated by the United States named "Freedom." Also, there is the nuclear fusion research work project called International Thermonuclear Experimental Reactor (ITER), which is promoted by Japan, the United States, the E.C., and the Soviet Union, and the life-science projects such as the Human Frontier Science Programme to elucidate biotonic functions of the human body which was initiated by Japan. Such large-scale international projects must increase, and Japan should actively participate, taking the initiative at every stage, from planning to implementation.

In this respect I would like to say one thing. Solid commit-

ments on the part of participating countries, including financial commitments, are indispensable in smooth promotion of such international projects. The reason why I say this is that United States, the most important partner in such international projects, sometimes wavers in its commitment, citing objections from Congress, etc.

(4) Contribution to solve global problems which are common to humankind

Nowadays, the problems discussed at summits and other fora are not those which can be solved by individual countries working alone. They are the global environmental issues of climate warming, desertification, and depletion of the ozone layer, to name a few. Science and technology can play a significant role in solving these problems and it is therefore a field in which Japan, as a major power, can contribute.

Closing Remarks

Science and technology is increasing its importance as a basis of economic development. Although military implications are still very large in international politics, the economic implications are becoming larger both in relative and absolute terms. Also, global-scale problems cannot be solved without science and technology.

Japan has become one of the major advanced countries in science and technology through self-help and assistance from the international community. Therefore, it should further develop its strengths and also work on its weaknesses in order to advance the development of science and technology.

In this respect there are two things we have to bear in mind. One is cooperation between Japan, the United States and the European Community. These three blocs share two-thirds of world GNP. Second, Japan as an advanced scientific and technological power should make every effort to solve the global-scale problems common to all mankind and promote and engage in technology transfer to developing countries.

Glen S. Fukushima

Introduction

I am speaking today purely as an individual based on my 22 years of formal involvement in U.S.-Japan issues ever since 1969, when I went to Japan from Stanford, where I was an undergraduate, to Keio University as an exchange student. My comments are also based on my nearly five years experience at USTR (Office of the U.S. Trade Representative) engaged in numerous trade negotiations on a variety of issues which took me to Japan 45 times, including many discussions in Washington with people like Jim Kelly, on the panel, and also in Tokyo and in Washington with Ambassador Endo over the U.S.-Japan Science and Technology Agreement.

Since joining AT&T a year and a half ago, I have spent most of my time in Japan although I do return to headquarters once every couple of months. I've seen first-hand Japanese science and technology developments and have been very impressed with them. Today, I'd like to share with you some of my observations and concerns based on this experience.

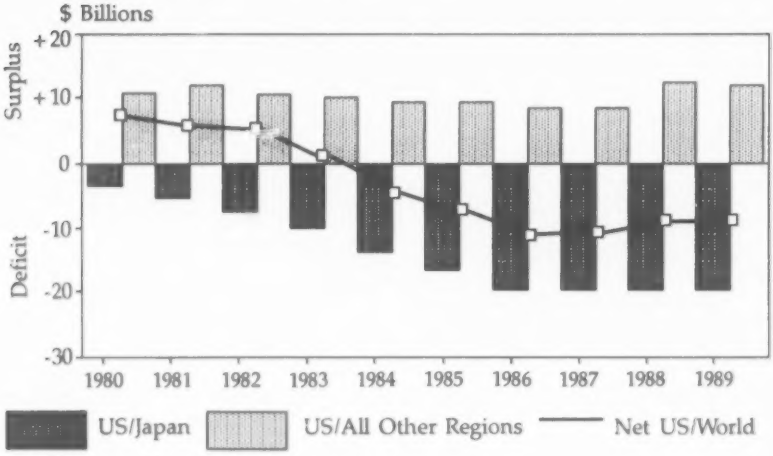
Background

Just to give you some background on how many in the American business community and some in the U.S. Congress see this issue of scientific and technological competition between the U.S. and Japan, I'd like to show you several charts indicating the relative positions of the electronics industries in the U.S. and in Japan. Let me first show you the U.S. trade balance in electronics between 1980 and 1989 (Table 1). It has declined dramatically from a surplus of about 8 billion dollars to a deficit of about 10 billion dollars overall and 20 billion dollars with Japan. How is the employment situation affected by the U.S. trade balance in electronics? Electronics is a major source of employment in the U.S., but between 1980 and 1989 there was a dramatic shift from electronics jobs in American companies in the U.S. to jobs outside the U.S. (Table 2).

Electronics is the largest industrial employer in America,

Table 1

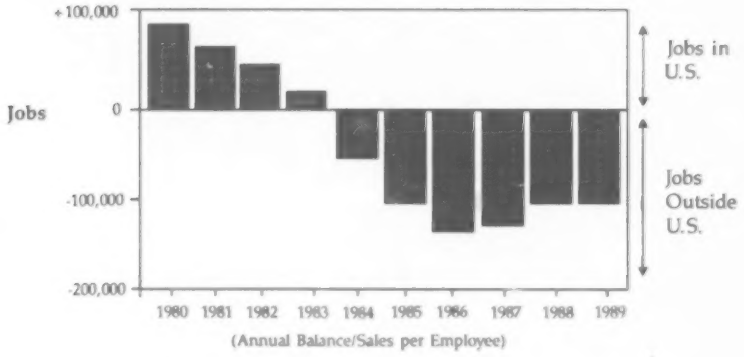
U.S. Trade Balance in Electronics



Source : AEA

Table 2

Employment Effect of U.S. Trade Balance in Electronics



Sources: AEA, SIA Estimates

much larger than automotive, aerospace or steel. It has 2.6 million employees (Table 3). Also it was the largest industrial producer in the U.S. in 1989, slightly above the automotive and considerably above the aerospace and steel industries (Table 4).

In discussing electronics, it is customary to focus on three sectors: semiconductor materials and equipment, semiconductors, and computers (Table 5). As Table 5 indicates, there are other areas that could be construed as electronics, broadly defined--telecommunications, military equipment, industrial robots, office equipment, etc. But for the purposes of our discussion today it's really these three sectors I wish to examine in more detail. Total electronics business was $740 billion in 1989.

If we look specifically at semiconductor equipment, you'll see that between 1980 and 1989 there's a rather dramatic change (Table 6). In 1980, of the top ten manufacturers, most were American. By 1989, only four American companies remained on the list. You can also see on this graph that in world market share, the U.S. industry declined by 28 points while the Japanese industry increased by 26 points.

With regard to semiconductors, the five U.S. companies in the top ten in 1980 had been reduced to three by 1989 (Table 7). Japanese companies have also gained position in the rankings. Looking at the right-hand chart, you can see that the U.S. decline in share is 22 points over that roughly ten-year period, while the gain in Japan's share is roughly 25 points.

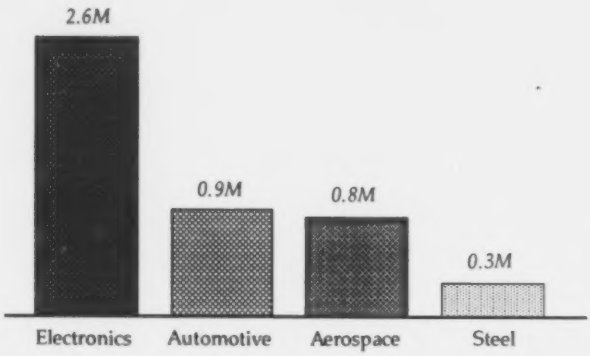
This may be more detailed than we need right now, but in certain specific areas, for instance DRAMS (dynamic random access memory chips), the U.S. share declined precipitously from 59 to 16 percentage points (Table 8).

With regard to computers, it's less of a dramatic shift, but you can see on the left-hand list that Japanese companies in five short years have gained in rankings. On the right-hand chart you see that the U.S. industry declined 19 points while Japanese industry gained 14 points (Table 9).

With regard to semiconductors, from 1973 to 1990, over a period of almost 20 years, regardless of tariffs, currency exchange rates, "liberalization" measures, etc, the U.S. market share in Japan remained at between 8 to 12 percent (Table 10). This contrasts with the U.S. semiconductor share in other markets--in the U.S., 86%; in Europe, 54%; and in the rest of the

Table 3

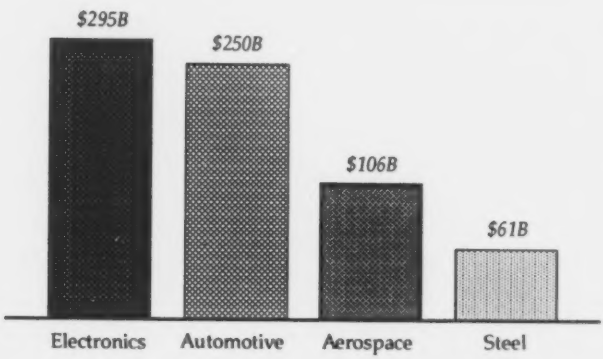
The Largest Industrial Employer In America *(1989 Employment in the U.S.)*



Sources: U.S. Department of Commerce, AEA

Table 4

The Largest Industrial Producer In America *(1989 Production in the U.S.)*

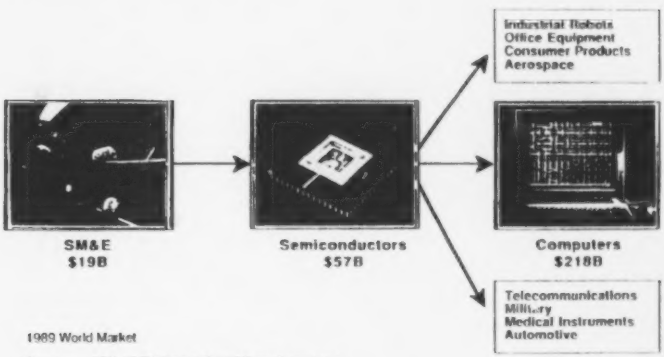


Sources: U.S. Department of Commerce, AEA

Table 5

An Interdependent Industry

Total Electronics = $740B



1989 World Market

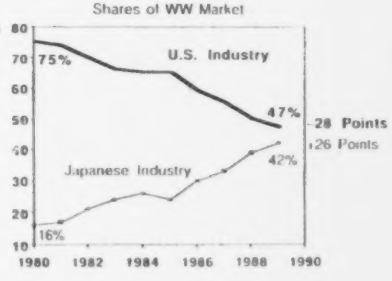
Sources: AEA, VLSI Research and Rose Associates, Dataquest, Datamation and SIA Estimates

Table 6

Semiconductor Equipment Segment

(Manufacturing, Assembly and Test Equipment)

Top 10 Manufacturers	
1980	1989
Perkin Elmer	Tokyo Electron
GCA	Nikon
Applied Materials	Applied Materials
Schlumberger	Advantest
Varian	Canon
Teradyne	General Signal
Eaton	Varian
General Signal	Hitachi
Kulicke Soffa	Teradyne
Advantest	*ASM International*



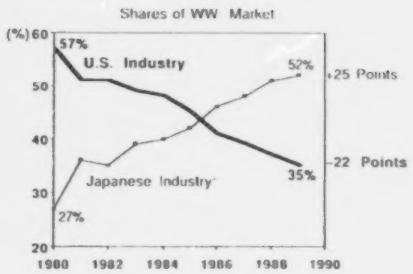
Source: VLSI Research, Inc.

Table 7

Semiconductor Segment

Top 10 Manufacturers

1980	1989
TI	NEC
Motorola	Toshiba
Philips	Hitachi
NEC	**Motorola**
National	Fujitsu
Toshiba	**TI**
Hitachi	Mitsubishi
Intel	**Intel**
Fairchild	Matsushita
Siemens	*Philips*



Source: Dataquest

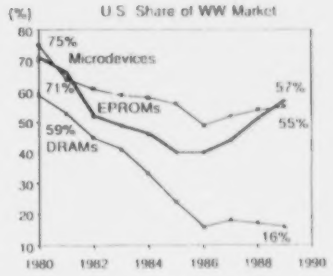
world, 40% (Table 11).

I would like to go into these in much more detail but because of time constraints, I just wanted to give you some perspective, or the context, in which these issues are seen by many in the United States. Now, there are many reasons for this decline in the U.S. electronics industry which is reflective of many high tech industries in the U.S. generally. There are some specific areas where the U.S. still remains quite strong, but these are rapidly diminishing.

One reason for the decline is that over the last 46 years, since the end of World War II, the U.S. was in such an advantageous position that it's only natural to expect that countries like Japan or Germany would gain and that the U.S. would decline comparatively over time. Second, there are problems relating to U.S. corporate policies, practices, and preconceptions as well as issues regarding U.S. government policy, including the cost of capital, antitrust, and technology policy. There are also trade barriers and practices engaged in by other governments and countries, with semiconductors and supercomputers being two good examples.

Table 8
U.S. Declines in Key Semiconductor Products

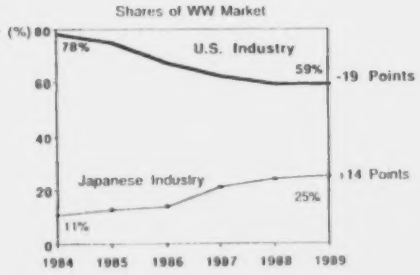
Product	1989 WW Market	U.S. Loss of Market Share
DRAMs	$9.7B	43 Points
EPROMs	$1.7B	14 Points
Microdevices	$8.2B	20 Points
[Microprocessors Microcontrollers & Peripheral Logic]		



Source: Dataquest

Table 9
Computer Segment
(Mainframes, Midranges, Workstations and PCs)

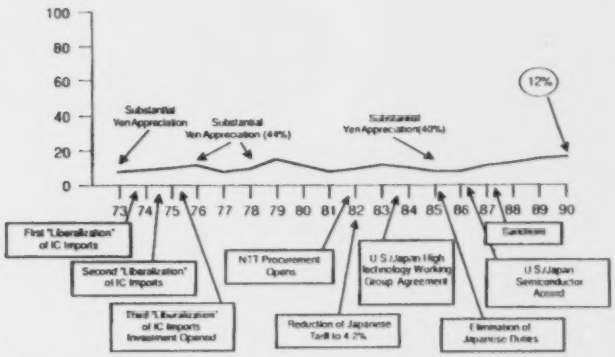
Top 10 Manufacturers	
1984	1989
IBM	**IBM**
DEC	**DEC**
Burroughs	NEC
Sperry	Fujitsu
Fujitsu	**Unisys**
Control Data	Hitachi
NCR	**HP**
HP	*Groupe Bull*
NEC	*Siemens*
Siemens	*Olivetti*



Sources: Datamation, SIA Estimates

Table 10

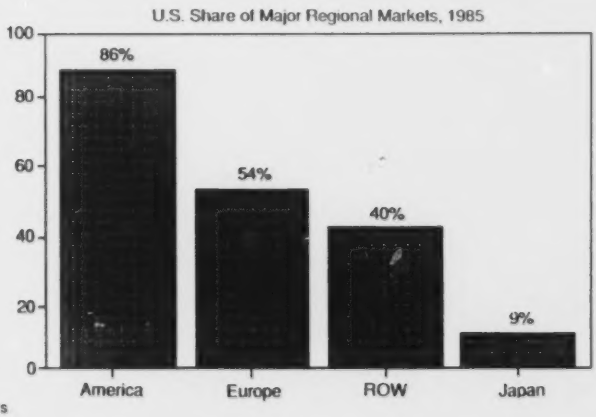
U.S. Share of Japanese Semiconductor Market



Source: SIA

Table 11

20% Was Conservative Indicator of Open Market in Japan, Given U.S. Share of Other Markets



Source: WSTS

Having presented you with some background materials, I now want to briefly discuss: (a) two contrasting tendencies in U.S.-Japan science and technology relations; (b) Japan's role in future science and technology developments; and (c) some of the major challenges facing the U.S.-Japan relationship in science and technology.

"Borderless" or "Borderful" World?

The jargon that captures these polarities in contemporary discourse are "borderless" versus "national interest"; "Who Is Us?" versus "technonationalism"; "mutual interdependence" versus "dangerous dependencies" and "strategic alliances" versus "asymmetrical access." The two contrasting tendencies I would pose as dichotomous polarities. On the one hand would be a plus-sum, on the other, a zero-sum relationship between the U.S. and Japan.

To elaborate, the plus-sum and zero-sum situation is precisely the point that was made in the charts. Some would argue that the decline in the U.S. electronics share around the world has been at the expense of and caused by Japanese competition. Others argue that, on the contrary, this is a natural decline of a dominant industry over time, and that there are plus-sum implications of this, that there are ways in which the two industries can cooperate and create a bigger share, a bigger market, in which to compete.

Secondly, this notion of a borderless world is something that management consultants such as Mr. Ohmae of McKinsey and economists such as Professor Nakatani of Hitotsubashi have championed. It is the notion that we don't need to worry about governments or borders any more; that we wouldn't have problems between the U.S. and Japan if only companies would be allowed to do business in their own way and the free market would be allowed to operate. The problem, in this view, is that the governments get in the way.

On the other hand, Professor Itami of Hitotsubashi has introduced the idea of the "borderful" world, in which, he asserts, borders are important and increasingly more important in the area of science and technology. A recent article by Alan Tonelson in the *Atlantic* magazine entitled "America's National Inter-

est" has raised some attention to this issue.

The "Who Is Us?" issue was posited by Robert Reich at the Kennedy School of Government at Harvard. He argues that with the increasing multinationalization and globalization of American corporations, it's no longer possible to define what is an American corporation. He thus argues that notions of national interest in science and technology are misplaced.

On the other hand, however, some would subscribe to the kind of statements made by Mr. Shintaro Ishihara of the Japanese Diet, co-author with Mr. Akio Morita of *The Japan That Can Say "No."* Ishihara argued that if Japan were to refuse to sell semiconductors to the U.S. and sold them instead to the Soviet Union, this could overnight change the balance of political and military power between the U.S. and the Soviet Union. These and similar statements by Japanese individuals have given rise in the U.S. to concerns about becoming overly dependent on Japan as a supplier of high technology products.

"Mutual interdependence" is a term often heard in Japan, especially in journalism, describing the positive relationships that are presumably developing between Japanese and foreign firms. On the other hand, several recent studies in the U.S. by the Defense Science Board, the General Accounting Office, and others point out the "dangerous dependencies" that certain American companies have developed regarding their Japanese component suppliers. Such events come to mind as the Toshiba Machine Company violation of COCOM rules a few years ago. More recently, the Japan Aviation Electronics Company was found to have leaked sensitive U.S. military technology to an unauthorized third-party country, Iran. These incidents have dramatized the extent to which certain American companies have become dependent on foreign suppliers, especially Japanese suppliers. Thus when the Toshiba Machine/COCOM issue occurred, it was not only the Japanese government and Japanese companies that lobbied in Washington against the imposition of sanctions against Toshiba Corporation, but also major American companies that had become completely dependent on Toshiba components to build their machines.

The notion of "strategic alliance" is also one often heard in business schools and in corporate board rooms. Many consultants are in fact encouraging American companies to enter into

these strategic alliance relationships with foreign companies. On the other hand, there are concerns about asymmetrical access, that is, even if an alliance or relationship is formed, to what extent will the benefits be balanced or symmetrical?

Japan's Future Role

No one doubts that Japan has been extremely effective in applying technology, whether developed within Japan or borrowed from other countries. In financing technology as well, especially in recent years, in part as a result of the Plaza Accord and the strengthening of the yen, it is increasingly possible for Japanese companies to finance technological ventures. In fact, there are many companies in Silicon Valley in California that are begging for Japanese companies to supply capital.

In developing technology, Ambassador Endo is correct in saying that there's been a lag in the basic sciences in Japan, something that Japanese corporations, universities and the government are trying to rectify.

As for sharing technology, this is an area that has proved to be a bit contentious between the two countries and has been one of the motivating forces behind the new U.S.-Japan Science and Technology Agreement, which Ambassador Endo and I were involved in negotiating from 1987 to 1988. The issue is that there has been tremendous access in the United States for Japanese and other foreign researchers and scientists, whereas the access in Japan has not been comparable. And there are difficulties on both sides.

There have until recently been a number of barriers that have made it difficult for foreigners to get access into Japanese scientific and research establishments. In recent years, in part because of the criticism from abroad and also in part because of the growing confidence within Japan of its capability of sharing, I think there has been an opening up of some sorts.

On the other hand, however, if one looks at universities as Ambassador Endo himself pointed out, in the U.S. many interesting and important areas of research are being conducted in the universities and these are, except for sensitive defense-re-

lated research, in principle open to foreign researchers. In Japan, most of the very interesting research is conducted in the corporations. Therefore, even if there were symmetrical access provided to American and Japanese universities, the benefits to the U.S. would be far less than the benefits accorded to Japan.

Also, with regard to the exchange of scientists and engineers, I would be the first to admit that there are not sufficient numbers of American scientists who can speak and read Japanese fluently and who can gain as much from these exchanges as Japanese scientists and engineers can in going to the U.S. However, whether one considers corporations in the U.S. and Japan, the difficulty of the language, the language instruction capabilities in the two countries, or the incentives for individual researchers and scientists, the structural realities are such that it is unlikely that in a short period of time there could be a balancing of what can be gained by the U.S. versus Japan in these exchanges.

The next best alternative to having a core of American scientists and engineers who can deal effectively in these relationships with Japan would be for American companies to hire capable Japanese nationals who can represent their interests. However, after having worked in Japan for a year and a half, I find that one of the most difficult tasks facing American corporations is hiring capable Japanese nationals who can represent their interests well. So, these are all areas in which I think we will have continuing difficulties.

Major Challenges

There is tremendous potential for the U.S. and Japan to cooperate in science and technology ventures in the future. Japan has the finances, the basic educational infrastructure, and the ability to quickly commercialize technology. The U.S. has innovation and creativity, superb university and national laboratory standards, and a relatively international research community. There already are, in fact, several areas of U.S.-Japan cooperative relationships.

On the other hand, there are many challenges. One is a political challenge. Partly for historical and other reasons, the national ambitions of certain Japanese individuals and institu-

tions would move them toward what might, for a lack of a better term, be called a "techno-nationalistic" direction. During the Science and Technology Agreement discussions that Ambassador Endo and I were involved in, the Ministry of Foreign Affairs was aware of this and therefore tried to facilitate discussion and moderate the conflicts between the two sides. But science and technology policy obviously involves many other government agencies and interest groups. Thus the political challenge is a major one.

Second, with regard to the economic and business challenge, the motivations or what drives American corporations and Japanese can often differ significantly. Certainly, as Ambassador Endo himself has mentioned, Japanese and American corporations operate under different economic and government environments.

Based on my experience with Japanese corporations, I see there is a strong preference for self-reliance and self-suffiency. There is still the notion that many Japanese corporations would rather rely on their own ability or the ability of their subsidiary companies to provide them with components and to treat foreign suppliers as merely residual suppliers. They don't really open up in the way that many American corporations might do in order to obtain the best and cheapest product from anyplace in the world, from whatever supplier.

Third, institutional constraints present a challenge. There are differences between the U.S. and Japan regarding the relationship between government and business and the decision-making process in which science and technology policy is made. For instance, the Japanese government has made several proposals to the U.S. to engage in cooperative projects in science and technology. One is IMS, intelligent manufacturing systems. Another is the NIPT, new information processing technology, or sixth-generation computer, project to which the Japanese government has invited foreign participants.

But from the very beginning there's a mismatch of institutions between the U.S. and Japan. On the Japanese side, there are at least four groups involved: (a) government policy bureaucrats (b) government technical bureaucrats (c) company engineers, and (d) university scientists and researchers. In the U.S., however, government bureaucrats may occasionally speak with the company

representatives, but the kind of systematic, tightly knit, goal-oriented structure that one finds in Japan does not exist in the U.S. This is especially so given the philosophy of the current U.S. Administration, which is to let corporations take the lead. If the government were to take the lead it would be criticized as "industrial policy." Thus there are major institutional constraints that make it difficult for American and Japanese corporations to engage in true science and technology cooperation on the level of national projects.

Fourth are legal constraints. The antimonopoly law in Japan and the antitrust laws in the United States may be similar on the books but are implemented quite differently. This can yield significant differences in corporate behavior as well as government behavior. Without claiming that one system is "better" than the other, it is clearly a fact that the two systems of competition policy differ and that the consequences for science and technology policy can be profound. The same could be said for laws and policies regarding the protection of intellectual property rights.

Fifth are philosophical differences with regard to what is the legitimate role for government in a nation's science and technology arena. As an American businessman working in Japan, I find almost every day examples of how the U.S. and Japanese governments differ with regard to their proper role in the economy generally, and science and technology in particular.

Finally, there is what I would call "sociological" differences in the way research is conducted in the U.S. and Japan. This involves the role of individual researchers and scientists versus the group and the assigning of credit for the research that individuals perform. This may, in fact, have something to do with the phenomenon that Ambassador Endo mentioned, namely that several of the Japanese Nobel Prize winners in science have been researchers based outside of Japan.

Also, many of my friends from Southeast Asia have pointed out that Japan is a very good student but a very bad teacher. They see that Japanese are extremely diligent in acquiring technology, learning, meticulously gathering information, analyzing it, and so forth, but when it comes to teaching others, or sharing, they are reluctant to do so, or if they do they often do it in a very dogmatic, one-answer fashion.

I am also reminded, finally, of the IBM-Hitachi incident about ten years ago, the so-called "sting operation" in Silicon Valley. I recall that there was a tremendous difference between Americans and Japanese in their reaction to that incident. The American reaction was anger that a Japanese company was illegally trying to steal technology from an American corporation. One reaction in Japan that I recall, however, was that the highest compliment a student can pay the teacher is to outdo the teacher. By this logic, it is perfectly appropriate for a Japanese corporation to undertake any means at its disposable to acquire technology from the "teacher," in this case, IBM. These are some of the "sociological" differences that impede smoother cooperation between the U.S. and Japan in science and technology.

Conclusion

Although I have dwelt on several of the major challenges facing the U.S. and Japan in the area of science and technology, I am optimistic in the long term that the two communities will be able to "harmonize" their systems sufficiently so that meaningful and significant cooperation can take place. Such cooperation has the potential of benefitting not only the U.S. and Japan but the wider community of nations -- especially in such areas as medicine, environmental protection, and food production, just to name a few. It is my hope that the U.S. and Japan will both undertake initiatives to bring about such cooperative and constructive activities in the future.

RESPONDENT: Ronald Hays

Who can deny that the influence of Japan in future years in the global sense is going to grow, and who could deny the importance of the relationship presently between the United States and Japan, and the fact that in future years that, too, will grow? The glue that holds all this together could be divided into three basic categories: economic, political, and security or military. If we could segregate those three categories and treat them individually, you could conclude that in two of the three

categories -- we're doing exceedingly well. The political relationship is, while different, very good. Democracies exist in both countries, we cherish our freedom, our individual approach. The President of the United States is presently planning a visit to Japan in the latter part of November to underscore, to emphasize, that. And I can well imagine that back in Washington at this very moment the bureaucrats are crashing away to ensure that the things that are presented by the President during that visit are appropriate to the importance of that fundamental relationship.

In a security sense, it could hardly be better. The security relationship is as good as the economic relationship is bad. But two out of three is not good enough these days. And the topic of this particular discussion, this phase of the conference, is science and technology. And my thesis would be that science and technology is the bedrock of the economic relationship. That's not fully appreciated. The Chairman in his opening remarks underscored the growing importance of science and technology to the economic equation. Each of the presenters has further underscored that point. While neither of the presenters are card-carrying scientists, I think that we have been privileged to hear two individuals that are steeped in the economic and political ramifications of science and technology. Now, in view of the time that remains for this session, I'm going to cut my remarks short and hit only about three or four points which have been brought out by the presenters that I feel merit further amplification.

The first is that it was a sobering experience to see the viewgraphs and to project out just a few years ahead what the situation would be if the trend that was apparent in those viewgraphs continues. The conclusion is that the United States, in many important areas so far as our economy is concerned, is going to be out of business. There is definitely a linkage between what has happened in our own manufacturing, which was depicted in those viewgraphs, and the developments in science and technology in Japan.

Ambassador Endo pointed out that there are many, many factors that pertain, but he mentioned free-riding. Many Americans would explain the trends in those graphs on that single phenomenon. I feel as though that is very unfair. It's a factor

-- I don't think there's any question about that -- but S&T, R&D, is a very complex category, and really it's a continuum. Ambassador Endo spoke about the deficiencies in basic research in Japan, and I think he's right in that regard. Compared to the other phases of R&D, that is a weakness in Japan. But the point is that today that weakness is recognized, and the indicators that I see are that Japan is by various means diligently pursuing the correction to that fundamental deficiency. In this country, basic research often leads to a scholarly paper which establishes ground truth but doesn't do much as far as the nation's economy is concerned. Japan is taking, I believe, a different perspective on its approach to basic research. Japan has been doing very effective basic research, in fact, it has led in many cases to excellence in what is called applied research or manufacturing research.

You can't make a distinction, a fine line, between what is and is not basic research. It's important. It's recognized. And my thesis would be that the corrective action which is necessary to bring Japan up to a level where basic research is comparable to that in any country in the world is underway at the present time.

Ambassador Endo mentioned the relationship between the civilian R&D and the military, and the fact that research directed towards the military often has a spinoff that is beneficial to civilian industry, and that today it has reversed and you have a spin-on. But that creates its own set of problems between our two countries. I would cite the famous case of the FSX, as an example. A great controversy, as Jim Kelly and Ambassador Endo well know, developed around that proposal. Now, you would think two strong allies would be in total agreement. If one ally said, "I'm going to design and build a new state of the art fighter that will serve our mutual interests in security," that ought to be a big plus. But it didn't work out that way. Why? Because you get into, very quickly, S&T and technology transfer, not as it applies to military hardware, but as it applies to the commercial activity which is apt to follow. Those kinds of problems have existed in the past and undoubtedly will exist in the future.

When we talk about the transfer of technology, the management of technology, we're into a very murky area which will

pose a continual problem for Japan, as it reaches out globally, or for the United States as it does its business.

Basically, there are two categories that are troublesome: the management of the information technology, intellectual property, and the transfer of that once it's perfected. The intellectual property aspect can keep a battery of lawyers engaged almost indefinitely; and I find that in my dealings with my little company with Japan, that a lot of opportunities are lost because of the U.S. requirements to address intellectual property and to tie everything down to the nth degree. A proposal of that kind made to a potential Japanese partner can be devastating for the Japanese partner because they're not accustomed to all of the requirements that we take for granted in this country. So work is necessary in that area to come to a better agreement in the management of bright ideas that can lead to manufacturing goods and to the betterment of mankind as a whole.

As for technology transfer, once it has been developed and is enroute to a commercial product in the country that has developed the technology or external to that country, you see that there is, again, a continuum that has to be addressed, and it's a continuum that Japan does exceedingly well and the United States does very poorly. The United States has got to improve on that process if we're going to do something about these atrocious trends that we saw in the viewgraphs. So there's compromise there that is necessary.

Mr. Fukushima concluded his remarks by saying that there are options that could be viewed optimistically or pessimistically. Optimistically, we, as two nations, can get together, work to mutual benefit, and proceed to produce products that improve the economy of both; or, we can go our separate ways. The choice is ours at this point, and I would make the argument that on balance Japan has handled this process better than the United States. And as the eternal optimist, and in view of the importance of the kinds of things that we're talking about here, it's my belief that the optimistic approach, which has been described, is the one that will prevail.

QUESTIONS & DISCUSSION

Professor Kuroda

Mr. Fukushima, you eloquently described the cultural structural constraints that prevent us from a free exchange of scientific information, technology. What would you recommend as far as science and technology is concerned when we have such systemic structural differences between the two countries, which prevent us from establishing a more favorable balance of exchange or trade?

Glen Fukushima

Regarding this issue there needs to be more effort on both sides. There are, in my view, an insufficient number of American scientists and engineers who have the ability to learn what's going on in Japan; and there is, frankly, insufficient attention at the highest levels of certain American corporations about what's going on in Japan and what needs to be learned from the Japanese market.

At the same time, I think that there are steps that the Japanese government and the Japanese companies could take in order to facilitate a more balanced and more symmetrical relationship in S&T. I have been told by some Japanese themselves working in corporations that there is an inherent advantage to Japanese companies in any kind of a joint relationship between the U.S. and Japan, generally speaking. There may be some exceptions to this, obviously. Certain American corporations may be wise enough to deal with it more effectively but there is almost an inherent advantage. Some of it has to do with the importance of the U.S. market for Japanese companies versus the importance of the Japanese market for American companies. Some of it has to do with the fact that more Japanese scientists and engineers who have studied in the U.S., can quickly learn by using English what's going on in the American corporation, whereas on the other hand, the American corporations by and large don't have those people, whether Americans or Japanese.

As I mentioned in my presentation, the difficulty of hiring really first-rate Japanese to work for foreign companies is a major, major problem. IBM has been in Japan for more than 60 years, has 25,000 employees, and having been there for such a long time it is somewhat of an exception. But if one looks at

American corporations that have set up in Japan after World War II, and especially those companies that have set up in more recent years, this is a real problem. It is true, one can find Kentucky Fried Chicken, McDonald's, Amway, Shick, -- a number of specific companies which have successfully dealt with the franchising of their operations or through distributors. But by and large these are companies that deal with consumer products and are not dealing with products that, in the view of many Japanese, are strategic industries. Therefore I think one has to make a distinction between what many people in Japan consider to be strategic industries on the one hand, which basically are high technology, and the more consumer oriented products on the other, where you can find examples of success. I could go on for a long time, but I would just end by saying that I think there needs to be efforts made on both sides. I think there is a difference in the two countries, regarding what role the government should play and what it means to have a fair system.

The notion of fairness that many Americans use very freely, as if there could be no debate, is couched even in the U.S. trade law. I think the two countries just have very different ideas of what is fair and what is unfair. I do think that in some of these areas there has to be in Japan some notion of affirmative action, or some notion of allowing foreign corporations in that might not otherwise qualify, given all the other objective criteria. I do think that, as Ambassador Endo himself mentioned, until maybe ten years ago there were some very clear barriers in place. Although the Japanese government may not have imposed those barriers, the accumulation of the historical developments has been such that Japanese companies are, by and large, much more inward-looking, much more prone to deal among themselves, and not open to outside influences or outside individuals.

Mark Hanickton

I have a question for Ambassador Endo. In your discussion about the allotment of Nobel Prizes, you noted budget, infrastructure and education as being three areas that needed attention. You discussed the first two. My question is about the third. Japanese education is very widely admired here in Amer-

ica, particularly in Hawaii, because it is rigorous. But there is one area that is not admired and that is the sense that it trains children's minds as one would train a plant; it grows where you want it to grow. It doesn't grow in unexpected directions. I believe that most Nobel Prizes probably go to people who have found the unexpected directions. Is that a fair criticism of Japanese eduction? Is there a recognition of it as a problem and a desire to do something about it?

Tetsuya Endo

The reason why I avoided referring to education was because of the presence of so many professors at the podium. As far as I see it, Japanese education is very excellent and good up to the end of high school. But at the university level I've got serious doubts about it. Maybe students have exhausted all energies and interests by studying for the entrance exams. In other words, we have to improve our education system, particularly at the university level because we have to develop creativity, which is essential in R&D, particularly in basic sciences.

Thomas Kasulis

I would like to quickly remind us that Japan and the West, or United States, have radically different cultural histories in relation to this; in particular, the separation between science and engineering. The Wright brothers were bicycle shop makers; Thomas Edison didn't have a science degree. They were inventors, and we separated inventors from the study of science in the academy in the West. What has happened in the last 30, 40 years is that one has to be a scientist to be a good inventor. In the Japanese context the two were introduced simultaneously, and they didn't have the sharp distinction. Science was brought into Japan in order to make the country technologically advanced to be able to protect themselves from western imperialism. So therefore S&T or science and engineering were not separated historically in the way they were in our tradition.

IV. SOCIAL & CULTURAL INFLUENCES

Hidetoshi Kato

Japanese culture in an international context has been almost invisible for many centuries, though its existence was known by Chinese since the 2nd century when Chen Shou described the lives of ancient Japanese people in his great historical work "San Guo Zhi." However, Japan used to be perceived as a part of China, or on the Chinese periphery in world history. Indeed, even the Chinese believed Japan to be a chain of islands inhabited by "Eastern Barbarians" who had mysterious medicine which could give eternal life for human beings.

More than one thousand years passed until this island country was "discovered" by the rest of the world, particularly by the peoples of the west. The first western account of Japan was made by Marco Polo in late 13th century. During his extensive trip across the continent, he heard about the island by the name of "jipang," and this name turned out to be the root of "Japan." According to his famous travelogue, "jipang" was rich in gold, and all houses of "jipang" were roofed by solid gold plates. This description gave rise to romantic fantasy among ambitious and adventurous navigators of the West, especially Spaniards. As a result, many sailing ships tried to reach Japan after the 15th century but mostly in vain, partly because of the lack of exact navigational maps and later because of Japan's isolation policy which started in 1640.

It was natural, therefore, that Japan remained an unknown and mysterious country even during the modern period. The only ambiguous clues which stirred some imagination about Japan among the people of Europe from the 17th century were such products as ceramics, Shoyu (etymologically speaking, it is said that English "soybean" came from Syoyu-bean) and small handicrafts. Some of these "things Japanese" attracted the attention of Europeans, especially aristocrats and artists. For one, Japanese ceramics, particularly those made in Imari, were highly appreciated by the European upper class, and they were major export items from Japan through the Dutch East Indies Company. As a matter of fact, in the year of 1659 alone, more than

5,000 samples were brought to Holland from Japan, and Japanese ceramic artists exported tens of thousands of products including 50,000 coffee cups and 600 huge plates. The shape, color, materials, and decorative pictures painted on plates, vases, dolls, and cups appealed to Europeans with exotic taste. These Imari, however, were extremely expensive for obvious reasons, and as a consequence, Europeans were interested in producing their own kiln. The first modern kiln was made in Meisen, Germany, in 1710, followed by kilns in Vienna, Zurich, Chelsea, and hundreds of other places. Interestingly enough, these European kilns made "fake Imari" which copied the shape, pattern, and other details. Millions of such Japanese-looking European products were distributed throughout the European continent.

More important, however, was the fact that Europeans at this period were unaware of the difference between China and Japan. All ceramic products imported from East Asia were simply called "China ware," and very few people knew that Imari was made in Japan, and much fewer knew where Japan was. There were good reasons for that. In the first place, China was known even before the time of Marco Polo by silk, tea, and other products, and ceramics were mostly imported from China during the Ming dynasty (1368-1644). In other words, despite their distinct design, Imari was taken as a kind of Chinese ceramic art. At best, therefore, Japan was thought to be a part of China by the West. But the fashionable taste of "chinoiserie" in 17th to 18th century Europe contained Japanese elements.

Another cultural influence of Japan in Europe took place in the area of fine arts in the middle of the 19th century. To be precise, in 1856, a copy of Ukiyoe (Japanese wood-block prints of the Edo period) was found in Paris by accident. The picture was brought to the attention of a group of artists generally known as impressionists. The composition, texture, and perspectives of Japanese artists, especially Katsushika Hokusai, gave them fresh inspiration. There are several examples of art work where the picture was originally Japanese but later painted by a European artist with some changes. Monet, for instance, imitated Ukiyoe pictures, and Monet liked the Japanese bridge, which he built in his own home. Vincent Van Gogh, was also very fond of Ukiyoe motif in his work. "Japonisme," so to speak, came into existence in Europe, along with the trend of

chinoiserie. The years when "japonisme" attracted intellectuals in Europe coincided with the time of the birth of modern Japan under the new Meiji government (1868-1912), and therefore, Japan as a nation with its own cultural heritage was gradually recognized by the rest of the world. However, Japan in the middle of the 19th century was essentially an agrarian country, and its national goal was to achieve industrialization so that the nation could catch up with the developed countries of the west. The national goal thus set was ambitious, because to jump from an agricultural society to an industrial society in a matter of a few decades was extremely difficult for a country such as Japan, which had been secluded from the rest of the world for 250 years. To accomplish this the nation had to work very hard importing technologies from the west.

Examples of Japanese Ukiyoe Influence on Western Impressionist Painters Pictures

(Pictures labeled with an "A" are Japanese those with a "B" are Western)

(a)

(b)

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(a)

(b)

(a)

(b)

(a)

(b)

In the process of attaining great success, Japan had to export basic industrial products such as iron and textiles, along with traditional export items, i.e., ceramics and tea. The quality of these export items were, naturally, second-rate in comparison with those of Europe and the United States, but the price was cheaper. As a result, products "made in Japan" were synonymous with "cheap," both in quality and market price. This image persisted for almost a century even though the tradition of "japonisme" in fine arts and decorative arts was carried on by a small group of connoisseurs. It was natural, then, that "Japanese Culture" as such was unable to get attention from abroad. At best, the image of Japan was that of sneaky imitators of highly industrialized nations of the west, and that image is still prevailing in the world today.

After World War II, Japan was obliged to be an underdog not only in comparison to the Allies but also in the world. Japan

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was blamed for its militarism and imperialism after 1930. Many peoples, including Japanese themselves, thought that 1945 might be the end of Japan as an independent nation, and that the existence of the country would be recorded only in the textbooks of world history.

But, contrary to such anticipation, Japan demonstrated that it could survive. In a matter of twenty years after the total destruction of the nation, Japan not only succeeded in her reconstruction but also in shaping itself as a major global economic power. It will not be necessary here to mention the success stories of Toyota, Honda, Sony, Matsushita, and other big businesses in their global operation. Japanese products, from automobiles to Walkman, from computers to rice cookers, have been exported to every country of the world. And in contrast to the old image of cheap "made in Japan," contemporary "Made in Japan" products are accepted as durable and reliable. With its power, Japanese businesses purchased foreign companies and real estate, and their behavior has been criticized both internally and externally in recent decades. For better or worse, Japan, probably for the first time in history, became visible, to the people of the world from North America to Africa, from western Europe to South-east Asia.

Such economic prosperity made Japanese people happy. For those who survived post-war Japan, when even basic foods were in short supply and hundreds of thousand of people starved to death, today's affluence is more than a dream. Though the housing situation in metropolitan areas is unbelievably tight and expensive, most of the households can afford a car or two, sophisticated appliances, domestic and foreign travel for vacations, and all the conveniences of everyday life. As a matter of fact, Japanese tourists abroad are thought to be rich, just like Americans were in the 1950's. Some countries in Southeast Asia have declared that they would follow a "look east" policy, meaning that they would rather follow the Japanese way of success than that of the west. Japan, which used to be looked upon as a military big power, is now seen as a huge economic power which might threaten the world economy.

The tragedy for Japan today, however, is that it lacks cultural power and cultural policy. When the United States was the only economic giant 40 years ago, American products penetrated

throughout the world, but they were accompanied by American "culture" for better or worse. America was almost automatically associated with jazz, movies, hamburgers, and many other "things American," but Japanese economic power has nothing to do with Japanese culture. Of course, such cultural items as sushi and furo (Japanese style bath) are getting to to be known by the peoples of the world, but they are appreciated only by a tiny portion of the population. Movies directed by Kurosawa and Ozu are highly acclaimed by experts, but they are usually art theater pieces. Novels by Mishima, Kawabata and Tanizaki have been translated into foreign languages, but here again, the readers of these works are mostly college professors and students in literature departments.

In order to "introduce" Japanese culture, both classics and contemporary, the Japanese government, cultural foundations, and other agencies have tried very hard by establishing Japanese Culture Centers in many countries around the world, by initiating Japan Festival, Japan Week, and other events in various places, and by dispatching scholars and artists for lectures and exhibitions. These activities were admired and they were effective. But the general public is not well informed about Japan. Newspaper coverage of Japan in foreign countries, for instance, is almost nil except for items about sporadic financial political scandal without much background information. One may argue that each culture has its own tradition and identity, and that it is not necessary to "introduce" a culture to other people consciously. Furthermore, history teaches us that to introduce certain cultural elements such as language, to other cultures often results in cultural imperialism and colonialism. Cultural diffusion, as anthropologists say, takes place, not by force, but by spontaneous efforts whenever different cultures encounter each other.

Despite these lessons, attention should be paid to the fact that to know, to understand, and often to learn from other cultures is a good way to enrich a society. Indeed, human history can be interpreted as a series of such mutual "cultural borrowing." The American favorite, hamburger, for instance, was the end product of cultural borrowing from the food habits of sailors of Hamburg, Germany. Cotton, which we use for various purposes, was discovered in India in B.C. 2000 and brought

to everyone of us. And these examples are numerous. The implication is that each culture has something to contribute to each other. This is the world of cultural mutual aid, so to speak. In that sense, Hawaii is a model., you have things Japanese, Chinese, Portuguese, North American, Korean, Filipino, and above all, traditional Hawaiian. Those who are living here are accustomed to accepting certain cultural elements from various parts of the world and integrating these elements into what we know as Hawaiian culture, which is so rich and beautiful.

If these assumptions are true, then, the questions are (1) What possibilities are there for Japanese "cultural contribution" to the rest of the world? (2) What cultural aspects or elements can be of use to other people, and in what way?

As far as contemporary Japan is concerned, her economic contribution is tremendous. It is true that "Japan money" has been buying any thing money can buy, inclusive of big international companies, real estate, luxurious items from Europe, and so forth. The economic behavior of Japanese businessmen and commercial firms are more notorious than famous. Especially in North America, coupled with the trade inbalance between the two countries, the Japanese image in America is said to extremely negative.

However, it should be noted that the amount of economic aid to developing countries from Japan also is now more than that of other nations. Particularly in South East Asia, Japanese grant-aid programs, as well as long term loans, and technical training are visible everywhere. The construction of infrastructure such as roads, railways, and telecommunication systems, as well as hospitals and schools have been donated or assisted by funds from the Japanese government. Also, thousands of Japanese youths are working in many parts of developing countries in Asia, Africa, and South America, including three young men, who recently were shot to death by guerrillas while working in an agricultural training center in Peru. These activities are not visible, and therefore, not appreciated by the rest of the world. But Japan today is a big economic power in these areas too.

Another Japanese contribution to other countries may be seen in the area of information flow. The most significant and symbolic incidence was the acceptance of Japanese television programs in recent years, again, in Asian countries. For instance,

the Japanese serial drama, "Oshin," which was broadcast in 1983, attracted the attention of Ambassador Wei of Singapore who was stationed in Tokyo. He asked the President of NHK if the program could be broadcast in Singapore. The solicitation was eventually accepted, and the program went on the air in Singapore in 1984. The reason why the Ambassador was so eager to bring the program to his country is not clearly known, but it seems certain that he was very much impressed by the story of a daughter of a poor peasant who worked very hard, struggling with poverty, and finally succeeded in her business in a big metropolitan area. It was a "success story," but the way "Oshin" lived from late 19th century to mid-20th century was admirable. Her honesty, hardship, and humane love appealed to universal human values. The program was shown in Singapore in 1984 with incredible success, and other countries in Asia became interested in importing and showing the same program year after year. And as of 1990, altogether 26 nations have completed the broadcast of the "Oshin" series.

In Japan the rating of the program was over 50%, and the program had similar or much higher popular appeal among the peoples of these countries, especially in Asia. "Oshin" was dubbed in Thai, Tagalog, Malay, Hindi, Chinese, English, and many other languages, which resulted in what critics call "Oshindrome." In Indonesia, for instance, workers, especially housemaids, complained that the broadcasting hour early in the evening was inconvenient, and the station was obliged to bring the program to prime time. In Beijing, the rating was over 75%, and a high-ranking government official of China said "Learn from Oshin, work like Oshin". Not only in Asia, but also in Poland, Belgium, Australia, and other non-Asia countries there was incredible success for "Oshin". In Vancouver, Canada, an elderly lady, after seeing the series, confessed that her perception of Japan was changed by the program, and she donated $1000 to the station to continue such television program exchange.

Nobody in Japan ever believed that a Japanese program could have such universal appeal. People thought that Japanese culture as reflected in "Oshin" and other television programs was too "particular," and so it could be appreciated only by Japanese. But in reality, contrary to Japanese assumptions, "Oshin"

turned out to be one of the most successful serial dramas across the nations. It has been a well known fact that American movies and television programs are major components of "world popular culture." Except for a very few countries where government censorship is very strict, one can find posters of movie theaters showing American films. From "I Love Lucy" to "Dynasty," American programs are everywhere. But now, Japanese television programs such as "Oshin" can be seen in many parts of the world with popular audiences. Contemporary Japanese people were reminded that Japanese information software, as represented by "Oshin" and other programs, had universal appeal as much as information hardware, such as the transistor radio and video camera.

Indeed, Japan has been a silent country as far as international communications were concerned. The country has been known abroad only as an "economic giant" which manufactures and distributes industrial products in huge quantities. But despite its reputation as an industrial country, Japan scarcely tried to communicate positively to other pats of the world. In short, Japan has been a product-rich and information-poor country. The reasons are very complicated. In Hawaii last year, we had another conference on mutual media coverage. To be recognized as a highly industrialized nation is a source of pride for Japanese people. But to be lacking in efforts to communicate and converse with other peoples is more than tragic. As a matter of fact, what we know as "trade friction" was caused by insufficient communication, especially communication across cultures initiated by Japan.

Now that information flow from Japan has been initiated symbolically with "Oshin", it seems that a new age to consider and reconsider Japan's global cultural role has come. People may say that it is too late. But in my opinion, no time is too late.

Thomas Kasulis

Many of you have probably been to Japan and visited Nara, the eighth-century capital. Most people who go to Nara also visit Todaiji, the Great Eastern Temple, and see the huge buddha, the daibutsu. When you walk up the path you see a huge wooden building, the largest wooden building in the world. Yet, it is only two-thirds the size of the original. Inside you see the world's largest bronze statue, a seated buddha about 60 feet high, an awesome presence. I suppose what most western tourists who go there think to themselves--indeed, most Japanese tourists think this, too--is how religious the Emperor Shomu must have been to have invested so much money and effort to create this great temple.

If we look carefully at the historical facts, however, we would find that it had very little to do with Emperor Shomu's religiousness. In fact, it was Japan's first real public relations campaign to play a global role. When this temple was built, Emperor Shomu sent out invitations to the entire known world. Ambassadors came from as far away as Persia to see this statue. Shomu's purpose was to show the world that Japan had come of age. It was now a major civilization with major cultural objects. The investment in building this public image was extensive. In fact, to build the great buddha Japan virtually exhausted its copper and tin supply; for the next 200 years any large statues of the buddha had to be made out of wood.

The lesson is that Japan has always had a deep-seated desire for the respect of other countries. If you look at Japan throughout history, it has been interested more in international respect than in international power. If we want to help Japan develop a positive global role, if we want to help Japan to change internally in ways to support that role, I suggest using the carrot instead of the stick. Instead of threats, I suggest rewarding Japan with the respect it deserves - when it deserves it. Instead of criticizing shortcomings, I suggest praising Japan whenever it plays a positive role in global affairs.

What I want to explore with you a little bit today is how our way of looking at Japan has, in fact, prevented us from using that carrot; how we have not been giving Japan the respect it

has been trying to get, and therefore causing mutual frustration.

When we think about Japan we think of it as having a single profile. That profile is now familiar: workaholics, economic animals, robots in gray flannel suits who give up all individuality for a kamikaze-like commitment to Japan Incorporated. There are many Japanologists who will go to great lengths to say that that this profile is an unreal one. I don't. It is, I believe, basically accurate, but it is only one profile of the Japanese.

Furthermore, like any profile, it tells us as much about where we stand when we look, as about what it is we see. If we move from where we stand we will see other profiles of Japan, some of which will help us understand the kind of global role Japan could have and how we might actually help Japan have that role. We always talk about earning respect, but even if we earn it, we still don't get it unless the other person gives it to us. It must be a two-way street. For us to respect Japan, both we and the Japanese must be willing to examine our assumptions critically.

How does this profile of the workaholic, economic animal get in the way of our giving Japan some of the respect it has been trying to get? I'll give one example from the academic world because this is most familiar to me. If we go back about 20 years when we first started to see Japan as an emergent economic power, we Americans started criticizing the Japanese for being greedy, for not giving back anything to the other countries that had supported them. The Japanese wondered what to do. Some of our leaders explained how the Europeans after the war felt very grateful to the Americans for the Marshall Plan. So some of those countries established Marshall Fellowships to help American students go to Europe and study the culture. The Japanese thought that was a good model. Thus, the Japanese government and Japanese corporations literally gave away tens of millions of dollars to American universities to build up libraries, to establish fellowship or scholarship programs, and so forth.

After about a decade of such philanthropy, critics of Japan began to tell us that the Japanese weren't interested in international understanding or friendship. No, they were trying to buy the loyalty of the American academic community, a cadre of American scholars the media dubbed the "Chrysanthemum

Club," the crusaders against the "Japan Bashers." Having sold their allegiance to America for supposedly lucrative scholarships, the "Chrysanthemum Club," would, it was claimed, come out of their ivory towers with their intellectual armor and protect Japan from the criticisms of the "Japan Bashers."

Now, think about that. The Japanese did what we told them to do, and then we criticized them for it. So then they decided to give money not for cultural, but for more technological programs, which are cultural-neutral. Then there would be no appearance of funding cultural indoctrination.

So the Japanese started giving money to engineering programs, science programs and so forth, but very quickly, the people who wanted to see the same profile of Japan began to wonder: "Why would economic animals who are serving Japan, Inc. give money to our science program? Ah ha, to get our secrets." So, again, the response was, to interpret Japanese actions in terms of the old profile.

It is human to only want to look at things in one way. When someone gets an idea that you are not being nice, no matter what you do, that person will not see any of your actions as positive. To a great extent this is what has happened in much of Americans' response to Japan's trying to do the things that would earn them more respect. Even when they do what we ask, we turn it against them and interpret that action in terms of an inappropriate model, so the Japanese become increasingly frustrated.

I think part of the lack of leadership in Japan as a globally responsible nation is that they aren't quite sure what it is they're supposed to do, because when they do what we tell them to do, we end up criticizing them for it. First, we tell them to invest in the third world, and when they do, we accuse Japan's of trying to conquer the third world economically instead of militarily. We also tell them that if they are going to build Japanese products, build them in America so at least our workers--our blue collar workers-- won't lose their jobs. They do that and then we criticize them for bringing Japanese managers with them. When we built plants in South America 50 years ago, didn't we use American managers? When we invested in the third world, notice how often we donated food. Weren't we subsidizing the American agricultural system? In other

cases, we gave money for weapons that, in turn, supported the weapons industry in America. So when the Japanese give money and it ends up turning into Japanese computers for third-world countries, are they really doing anything significantly different from what we have done? On what grounds can we criticize them for doing what we have done.

Why is it that we get stuck in seeing this one profile of Japan? One reason, of course, is that humans are lazy. Whenever we have a theory that isn't supported by the facts, the easiest thing to do is distort the data to fit the theory. That takes much less energy than developing a new theory. Such is human nature. So that's part of the problem.

But there's another reason which I think is far deeper and far more important, namely, that there is something really threatening about the other profiles that Japan can show us. They're frightening not because the Japanese are economic animals. We understand economic animals; we know them in our own culture. The profile that threatens us is that of the Japanese who seem to have a different view of human nature, a different view of human nature that somehow works.

To understand why this is so disturbing for us, we have to analyze where we stand when we see the Japanese profile as an economic animal. What is it that we assume from our standpoint that makes that two-dimensional model of Japan so attractive we don't want to give it up?

Let's think a bit about how we Westerners, especially we Americans, tend to look at ourselves and how we like to think others see us. If we listen to the American rhetoric in foreign policy, we can identify several themes characterizing America's cultural and social contribution to the world.

Much of our rhetoric hovers around the idea that what makes America special is an idea or set of ideas. Somehow we figured out what human beings need and want, and then we developed the best system for satisfying those needs and wants. The recent events in eastern Europe have only convinced us all the more of the correctness of our thinking. Communism, at least in its idiosyncratic Soviet form, has failed. We believe it failed not because the Soviet people are evil or stupid but because the communist premises of that society doomed it to failure. The Marxist-Leninist-Stalinists simply misunderstood human nature,

while we, on the other hand, have gotten it right. So we endure and they fade away.

What is the right way to do things? We are convinced that the right way is to be democratic, capitalistic, individualistic, and legalistic. Whenever we start talking about any other country we use categories we think are universal, or which at least can be universalized.

First, democracy: everybody must have an equal say in how the country is run. Government cannot be by the specialist or the elite. It must be a government of the people, by the people, for the people. We want our bureaucracies to be directly led by elected officials. We want to vote on economic plans, foreign policies, and the administration of civil rights.

Secondly, capitalism: the economy cannot be planned. It must be free. However carefully we may try to manipulate market forces, in the end we can make only minor adjustments. In the free marketplace there will be natural correctives that will prevent extremes. Certainly, there will be peaks and valleys of various economic indicators but in the long run fatal disasters, such as we found in the Soviet economic system, will occur only if we try to control human desire and productivity artificially. In a capitalist system the economic downturn is never a fatal illness, but more like a common cold. We do nothing but let it run its course and try to make ourselves as comfortable as possible in the meantime.

Third, individualism: we come into the world alone and we die alone. Communities are formed out of our individual need to be social, sharing, and cooperative. We are social beings; that means it gives us individual pleasure and satisfaction to be part of a group. If that group no longer serves our individual needs, however, it has no binding power over us. The group, even the government, exists only to preserve the rights of the individual and serve its needs. When that government or group fails to serve that end, the Declaration of Independence tells us it is the right of the people to alter or abolish it.

Lastly, legalism: as individuals we are persons with innate rights that cannot be taken away. We can, however, negotiate away some of our options when it serves our own long-term goals. We formulate our social relations along the model of contract. If I do this, you will do that. If you do that, then I

will be entitled to do this. Our relations are forged and dissolved around the sealing and breaking of contracts. Getting it in writing is just the tangible expression of an underlying reality of human intercourse.

Such are the principles we believe. Our discovery of those universal principles, and our tactics for putting them into effect, are, we insist, America's great contribution to the world. Because we are so sure of their universality and their validity, we can unashamedly voice them for the world by insisting on respect for human rights, the defense of freedom, the openness of world markets, and the recognition of international law. Deep down we believe that there are only two kinds of nations in the world: those who recognize those principles and who will persevere; and those why deny those principles and will ultimately self-destruct.

That, I submit, is the ground on which we stand. We see the Japanese as economic animals. The Japanese, we assume, must fundamentally agree with our basic analysis of human being. Their government is democratic--not fascist or communist. They participate in the world market like the United States and Western Europe, not like the former Soviet Union or the People's Republic of China. They sign treaties, make trade agreements, and undertake various other contractual obligations. Finally, although they may be somewhat new at this, they are increasingly individualistic. At least the Japanese that you and I know seem to be real people, not just appendages to some corporate or national identity. I was surprised at how many people at the symposium commented on how our Japanese panelists were so open and frank. See, they're becoming individualistic, they're catching on; Soon they'll be just like us. At least so we think.

Certainly on many counts the Japanese may not be quite where we would like them to be in backing our principles, but we believe they are on the way. We believe that if they are to survive, they will inevitably see we are right in how we do things. As time passes they will become inevitably more like us. After all, our picture of human wants and how to satisfy them is universal--not just Western. Hence, we are correct in chastising the Japanese when they act in ways we do not approve. Since they are playing the same game, they must follow

the same rules. When they diverge from what we expect, we must come down hard on them; either they are cheating or they're ignorant of the rules of the game that they have just joined. They must, therefore, either be sanctioned or educated. Such, I contend, has been our general response to the economic animal profile for Japan.

Now, let us see if we can shift our ground a little bit and see what new profile of Japan might emerge. What if the Japanese do not really agree with these principles? What if they have a significantly different vision of human wants and the means to satisfy them? What if--and this is the rub--their way of envisioning human wants and needs, unlike those of Soviet Russia, actually works? Then it's not like we are playing the same game at all. It's as if they are playing chess and we are playing checkers on the same board. When they move a piece onto red instead of black, we call "foul," and they look at us surprised. It's not a foul in the game as they understand it.

Because of where we have traditionally stood, we look at the Japanese and see a democracy. As pointed out already in our discussion yesterday, it is not really a democracy in the American sense, however. Although there are free elections, much of the critical decision-making is by the bureaucrats and sequestered party leadership groups, not by the elected officials. Because their bureaucracy is essentially a meritocracy and not aristocratic, it seems democratic to us. Yet, we should also note that Japan has a government for the people and of the people but not directly by the people. The Japanese principle is not a republican democracy per se. Its rationale is something like this: "Develop a system which will identify and train the best people for running the state, without regard to family background or social/economic origin. Then let them run it." That, incidentally, is a model inherited from Confucianism, not John Locke.

The Japanese economy is not purely capitalist, either. Whereas our capitalism is regulated, Japanese capitalism is more planned. Unlike the now-dying Soviet system, however, the planning is not by members of a political party but by a consortium of experts from all aspects of the economic system: business, government, bureaucracy, politicians, industry and even the media. Although it is a free market economy, it is not really like our idealized image of a laissez-faire system; it's more

collective. It is what Professor Nakatani of Osaka has called "network capitalism." That is, it functions as a whole much like a highly controlled planned economy, but in the details it allows for the kind of entrepreneurial and individual competition that makes it look more like our sense of capitalism. In Japan, the unit of agency and even to some extent the unit of identity is not the individual but the group. Mr. Yamazaki's example yesterday of the hostages coming home from Baghdad, who returned to their company before returning to their family, is indicative of this: identity is with the team instead of with the individual.

The Japanese do not even necessarily think of themselves as being born alone or dying alone. Everybody is born to a mother. In Japan, that mother/child relation serves as a model for all later social relations. Research has also shown that even death can be a social phenomenon in Japan. For example, when a terminally ill patient survives only because of life support systems, when are those systems shut down in Japan? In our country the most common practical criterion used is brain death. In Japan, however, until very recently because of the cost implications, the criterion for death has been when the family members stop relating to that person as a living member of the family. That is, when people stop coming in and talking to the person, only then is the person dead. As long as the family treated that person as alive, the Japanese tendency would be to keep the life support systems on. As I said, this is changing because it can get to be very expensive. But nevertheless, this was the initial Japanese idea of answering the question: what does dead mean? You are dead when your family stops acting as if you are alive. Death was literally viewed as a family, not simply an individual event.

Finally, the Japanese are not particularly legalistic when operating among themselves. The Gemeinschaft, or community-based model, still dominates over the Gesellschaft, or corporate-based model. That is, the Japanese among themselves operate very much as a community structure, but when dealing externally with other people they become very contractual, legalistic and corporately structured. Ostracism and withdrawal of communal or personal affection are the primary sanctions for inappropriate behavior in Japan. Because of the emphasis on interdependence rather than independence during child rearing,

the Japanese grow up to feel a profound need to be accepted and appreciated by the group. In the terminology I have developed, Japanese intimacy takes precedence over Western integrity. That's what I talked about two years ago in the previous symposium, "Roots of Japanese Behavior." Legalism specifies the exact boundaries of acceptable and unacceptable behavior; but in a society structured like Japan, the boundaries are unwritten and unspecified. So the individual is more uncertain how far one can go without incurring the negative reaction of the group. The open expression of personal opinions, the taking of a position and standing one's ground, and the articulation of principles to be applied before the fact are all behaviors that can entail too much risk for many Japanese. The wiser course is to feel one's way to the emergent consensus.

Where does this leave us in our analysis of Japan's global contributions to the social and cultural spheres? As long as we remain set in our ways and insist on seeing Japan in only the one profile we have used, I doubt that Japan will have much impact at all on the social and cultural life of the world. If, on the other hand, we add some further dimensions to that single profile, we may begin to see that the Japanese way is not only a dark projection of ourselves but also something quite new to us and yet viable. The Japanese may appear not merely as an "other," but as an "alternative."

Imagine the following kind of dialogue. Suppose we asked an American and a Japanese to explain what is important in life. The American might say, "What I'm looking for in my life is to have a home of my own for me and my family, and I want the self-esteem that comes from doing a job well and being recognized for it. It would be nice to be so recognized as a valuable employee that other firms would want to recruit me as well. Alternatively, I would like to be self-employed, to call my own shots, to reap the direct benefits that I deserve. People like choice and alternatives. I want to choose my own doctor, go to my own place of worship or not to go to any place of worship. I want to send the kids to the kind of schools I want them to go to, and so forth. Diversity is the spice of life. There's excitement in watching talk shows and seeing all the different points of view. Nothing is as exhilarating as a good argument, whether it's about politics, sports, or the right way to make a

martini."

The Japanese, on the other hand, might say something more like this. "What do people want? They want security, security in one's job and in the streets at night. People desire the self-confidence and self-esteem that comes from good training, mentorship, and the pride and respect of being on the winning team. People want to have trust in those who run things; leave the decisions to the experts, and make sure the experts, whether medical, educational or governmental, are chosen for their superior skills and training, not for their privilege, class, or personal charisma. There are also some things people shouldn't have to worry about, such as whether they can afford necessary health care or minimally adequate housing. People are also uncomfortable when everyone goes off on one's own, each in a different direction. We have to have a common ground if we are going to work together harmoniously and effectively. Conflict for the sake of diversity is just a waste of energy."

What kind of discussion can two such people have? I suspect that if they listened long and hard enough to each other they'd realize that both sets of goals are desirable. I want to have my individualism and I want to be able to walk around in the streets safely at night. The problem is that there are incompatibilities between the accounts. One may seek one value and find that it is not possible if you want to optimize the other value. So there are choices; there are tradeoffs.

Let me say right off, however, we won't thank the Japanese for this. Such a change in our values happened previously with the development of capitalism in America. Communism was necessary for our developing the kind of capitalism that we now have in the U.S.A. Because of the threat of communism and the alternative view of human nature it represented, we ended up with labor unions, anti-trust laws, anti-child labor laws, and so forth. Yet nobody went around thanking the communists for it. In fact, it was because we wanted to prevent the communists from taking over that these changes were instituted. So we developed social security, a progressive income tax, and various other plans for distributing the wealth.

Let us turn then, to the four categories. How might we let Japan's global prominence and alternative view of human nature influence our commitment to democracy? I think the Japanese

model and its success will necessitate our trying to devise a more efficient method for integrating experts into policy making. There might be several avenues for this. Currently, the effectiveness of our bureaucracies are hamstrung by the fact that they are supervened by policymaking at the cabinet level. The cabinet officials are political appointees with expertise in areas outside their appointment. If policies are really made at the cabinet level and not within the bureaucracies, it is disconcerting, for example, that a cabinet member could be switched from say, Secretary of the Treasury to Secretary of State, as happened with James Baker. Not many professors, for example, could easily switch overnight from heading a finance program to one in political science. Somehow we will have to modify our conception of democracy to embrace something more like the Japanese system where politically elected officials are advised by a continuing, long-established group of advisors with specialized knowledge and yet are independent of political party affiliation. In a significant sense, issues have become too interdependent, too complex, and too fast-changing to make it reasonable to think that the electorate can really select candidates-- who are known mainly for their sound bites, we might remember-- according to whether their economic, military, or foreign policies are sound. The media (including a recent cover story by *Newsweek)* has noted that political campaigns will not, and probably could not even if they wanted to, deal with issues on the level of complexity necessary for what I would call "government by the people" instead of just "of" and "for" the people.

The second area is our conception of capitalism. Capitalism was born out of the need for technological development. Such development required the accumulation of vast resources of capital to support the building of factories, large agricultural units, and so forth. Banks and entrepreneurship were the cornerstone institutions for controlling those resources. What the Japanese phenomenon demonstrates is that capitalism today requires not only the accumulation of funds, but also the accumulation and coordination of ideas and planning. Just as a modern automobile plant requires more capital than a blacksmith's shop, a manufacturing economy requires more coordination and coherent planning than our current economic system allows. The Japanese have addressed this issue through the coordination of

government economic planning, industrial planning, and educational training. Somehow we will have to develop a more holistic structure of our own. The very legislation that saved us from the ruthlessness of the robber barons is now handicapping our ability to plan as comprehensively as the world economic situation demands.

Another problem we will have to address-- partly because the Japanese do not have that problem given their priorities about basic human needs and wants -- is that we are increasingly developing a class-structured society that denies a large portion of our population what we will eventually have to recognize as basic human needs. Health, education, and minimal income for all is a necessity for developing the complex social organization necessary to surviving in today's world. As Americans see the success of Japan, they will inevitably raise questions about why our health system is the way it is. The American Medical Association will continually argue that socialized or centralized medicine is not effective; such a change would limit choice and decrease quality. Yet, the average life expectancy in Japan is already a decade more than it is in the United States. Similarly, as we look to the technical needs of the next century, we know that the general level of education must improve. Correlated with that is the support for education and training characteristic of the middle class. We need to bring more people up into that middle class. Today one of seven Americans lives below the poverty level, the equivalent of having a per capita annual income of under $3500. At that level of anxiety, the immediate cash benefits of crime will often outweigh the incentive to further one's education or train for long-term economic benefits. By saving money on social programs, we are increasing our costs for crime control. It is not cost-effective. But more importantly, it violates some of our own sense of human dignity. We may never want to place as high a premium on security as do the Japanese, but the prominence of the Japanese profile, will underscore how little priority we have given it. True security comes not from more advanced burglar alarms but from the elimination of the root causes of crime.

I am not an economist and cannot predict the exact form these changes will take. I am, however, a humanist and know that prerequisite to such a change will be a reexamination of

how we view the role of the individual and society. So, let us see what philosophical changes the Japanese influences might bring in this area.

I can foresee two areas in education in which we might be influenced by the Japanese view of human needs and wants. Both bear on the issue of individualism and ultimately on the area of legalism as well. First, we continue to think of education as an individual project. The student ultimately competes with other students in their individual quests for knowledge. We grade students individually. We discourage cooperation as cheating. This is all the more striking because we know from our research that success in life after school is primarily dependent on our ability to work in groups, to collaborate. Success in our world is primarily based in team-play, yet we relegate those lessons to the extra-curricular part of our education. The greatest shock to American educators who look to Japan for new ideas has been that student-teacher ratios are not considered important to the Japanese. In fact, the typical Japanese classroom is notably larger than its American counterpart at all levels. How then can it be effective? How can they manage any individual attention? They don't. The student gets attention from other students, not just from the teacher. So, cooperative learning is not only effective as preparation for a career after formal education stops, it is also cost-effective.

The other related issue is that of moral education. An immediate reaction of the American educator to the size of Japanese classes is to wonder how discipline is maintained. The Japanese students seem better behaved than the Americans. Again, the cooperative learning model supports this. It is one matter for a teacher to chastise a student for being unruly and making it difficult for other students to learn. It is another for students to get that feedback from their peers. As any parent or teacher in any culture can testify, peer pressure is always stronger that any authority from adults.

Furthermore, for reasons that are historically fascinating but too complex to go into here, Americans have developed the strange idea that morality is somehow necessarily tied to religion. So, we conclude, if we keep religion out of the classroom, we must also keep moral education out of it as well. We are constantly hearing that morality, like religion, has to be taught

in the home. Certainly, there is some truth to the idea that moral virtues have to be reinforced throughout the day, but why cannot morality be taught in both? Perhaps because of its Confucian roots, moral education in one form or another has always been part of the Japanese schoolroom. This is why Japanese agonize over how to separate religion of Shinto from the workings of the state, but have no problem teaching morality in school. Morality is ultimately Confucian and, therefore not religious. Japanese students are taught that right and wrong apply to basic human behavior as well as to answers to math problems. I suspect that in some way or another, the American educational system will come around to the idea that teaching basic respect for others is the highest priority. How can parents object to a teacher who instills the ideas that lying, stealing, cheating, ridiculing, refusing to share, and being selfish are not appropriate ways to behave? Somehow we think the only moral issues the schools must teach will be about sex and abortion. There is much more to morality, morality as the basic foundation for human cooperation, than the issues on placards in front of the White House can indicate.

Both the ideas of cooperative learning and moral education bear on our commitment to legalism. Legalism tends to define responsibility in terms of actions and consequences, rather than attitude and intent. The more emphasis we place on the development of moral character, the less need there will be to think in terms of human relationships as contractual. Trust can be grounded in either a respect for the other person's character to do what is right in unforeseen consequences or it can be grounded in legalism's collaborative analysis of all possible contingencies, agreeing on what should be done in each case. The fact that Japan supports a densely populated and economically effective society without resorting to a litigious mentality will probably lead to our reconsideration of legalism. Have we moved too far in one direction? Cannot contractual relationships be considered a special case instead of the norm? Of course, that means we will have to learn to be more trusting in cooperative situations and to ensure that the people around us are of moral character. That is why the emphasis on legalism can erode only as our educational system starts to break down our almost exclusive commitment to individualism.

Before I conclude, I want to make a brief comment about Japan's social and cultural role in third-world countries. Because of their experiences with Japanese imperialism and fascism earlier in this century, most third-world countries mistrust the Japanese even more than they mistrust Americans. Still, under different conditions their profile of the Japanese as aggressive exploiters may also change. If it does, there may be one aspect of the Japanese silhouette that might appeal to many third-world countries. Japan has managed to modernize, to become a dominant economic force in the world and a major player in world politics without being coopted into the Western mind-set. Japan has managed to maintain many of its traditional cultural facets even while competing on equal terms with the West. To put it graphically, in the coming year about fifty times as many Japanese will worship a fox as will worship Jesus. That model of what Japan stands for may be an important encouragement to many third-world nations as they seem to face the dilemma of modernizing while destroying their native cultures, or keeping their traditional ways while falling prey to the major players in world politics and economics. Japan represents the possibility of a third alternative.

In conclusion, what will be Japan's global role in the area of social and cultural influences? It depends. If we and the third-world countries stay fixed in how we look at Japan, we will be little influenced. If, on the other hand, we change our perspective, we will find Japan's distinctiveness to be a challenge to how we currently think and do things. So challenged, we may undergo various social and cultural changes, some of which I have speculated about in the final part of my talk. Of course, even if we do so, there is a likelihood we will not even recognize our indebtedness to the Japanese for provoking us to see ourselves in a new way.

I also want to make one final point clear. I think Japan has a relatively one-dimensional view of us as well. They, too, need to be challenged by our fundamental philosophical differences. They need to be prodded to rethink their own assumptions. If both Japan and we can change, we may even move somewhat closer together. Our friendship might become less strained. If there is a lesson we can glean from the current events in Eastern Europe, it is not that communism was completely wrong

and capitalism was completely right. It is that in light of the challenge to our thinking presented by communism, we modified our principles, changing some of the ways we did things. The Soviet Union did not. That is why we have survived.

RESPONDENT: Fumiko Mori Halloran

Yesterday morning I noted to my husband that I'm the only woman on the panel and he told me an American expression in baseball: the most important batter is the clean-up. I'll try but I don't know whether I can be a good clean-up batter.

I am in full agreement with Professor Kato when he said humans have been interacting with each other since the beginning of history, and cultures in both the West and the East have been influencing each other during the last five or six thousand years. I was trying to think like that when I majored in history at Kyoto University a long time ago. My professor in the history department of Kyoto University stressed endlessly that you should not look at an individual country's history as an entity by itself, an isolated unit. You should always think how other cultures affected that particular country's history. I majored in Chinese history, and I was trained along that line. For example, the entrance exams at Kyoto University in history, always asked very similar questions each year, like "such and such thing happened in China in the 10th century." List all the events which occurred around that time in Central Asia and Europe and analyze how each event in those different cultures had an impact on particular incidents in China. I was ready for such a question because if you go to any book store in Japan in the college entrance exams' corner there are volumes of exam questions of the last ten years of individual colleges and universities. So it was known among the students who took the exams that Kyoto University history professors will ask such questions. So you start reading world history not vertically but horizontally. You cover Chinese history, you cover European history and other areas and then you start analyzing horizontally how those cultures interacted. So I was very pleased to hear that Professor Kato thinks the same way.

In his paper Professor Kato asks a very pertinent question. Are there possibilities that Japan can contribute culturally to the international community? And if there are such possibilities, what are they, and how can Japan serve the international community? Nobody has the answer yet. Nevertheless, I think the Japanese and other countries have to keep asking this question because, as everybody knows, Japan now is an economic power and with that economic power Japan will need to start exercising political leadership. But I think Japan's cultural contribution to the international community will be the last and the most difficult task, since culture means human beings, and human beings are most unpredictable. They are not like things that you can hold. You often encounter very unexpected reactions and emotions.

Professor Kato was critical in his paper that Japan does not have a cultural policy. That's true. There are lots of cultural activity flourishing at the government level and in the private sector, as he pointed out. Government monies are pouring into Japanese studies in foreign colleges and universities. They keep sending exhibitions and troupes of traditional Japanese arts to foreign countries. There are many fellowships and things like that. Even in the private sector, the idea of corporate philanthropy has taken off recently, and Japanese companies have been donating money and manpower all over the world for community projects and cultural activities. In fact, I'm sitting on one of the committees of the Japan Federation of Economic Organizations that screens individual projects proposed by Japanese companies in foreign countries, not just in the United States but also in Europe, Africa, the Middle East and in Southeast Asian countries. So efforts have begun to promote these cultural activities.

But I agree that there's no clear consensus about the concept of cultural policy just because, as Professor Kato said, there's this ambivalence among Japanese. Does cultural policy mean the export of Japanese culture with clear political motivation, like cultural imperialism, which was carried out by European countries and by the United States, to some extent, in the past.

The most interesting part about Professor Kasulis's analysis was his own self-analysis of American values. Because it's so true that each time he listed the kind of values that Americans

cherish, I immediately have this question: "why is this universal?" I don't think like that. So we'll have a lively discussion afterwards. But I think it's true that both Americans and Japanese, or anyone else who is deeply rooted in his/her own culture will find it very, very difficult to leap out of that emotional/mental/intellectual constraint to reach another level to understand a culture which is very different from one's own.

Understanding doesn't necessarily mean agreeing with those values. Somehow we must try to start communicating with people of different cultures. I'm sure there are many efforts in the United States to educate children and to expose them to foreign cultures. In Japan, too, there are many schools that are trying very hard to train students to think that way; and yet, somehow, progress has been very slow, and we have to constantly work on improving that part of education. Otherwise, we will have very limited mutual understanding and we, Japanese or American, will tend to have a one dimensional view of other cultures.

I thought both Professor Kato and Professor Kasulis agree, and I agree, that Japanese cultural power has been rising because of its economic power, particularly in the last 20 years or so. But somehow the nature of economic power and cultural power is different. And this fits into a Japanese expression, I think, of *mono* (things), *kane* (money), *hito* (people). When Japanese talk about exchange or interaction they often use this concept of *mono-kane-hito.* I think Japan's relationship with the rest of the world has been going through those three stages.

The first one, *mono,* means "things." "Things" are visable and concrete and specific. If you want to buy something, you buy it, and you possess it, things do not talk back to you. There's no visable human demension to this. it's about things. *Kane* means "money." As Japan grows stronger the financial market has been internationalized, and Japanese money has been flowing around the world. This is not as visible as things, but visible enough as a means to buy things. These days there is criticism that the Japanese are trying to buy people's minds by paying so much, e.g., the American lobbyist in Washington. But still, I think, money remains as a means. Money brings out complicated emotional feelings, but money itself is neutral, it's just a means.

Now, I think Japan and the rest of the world are finally reaching the stage of *hito* - that's the last stage, people. This stage requires the most sophisticated interaction compared to "things" and "money." It's also the most complicated, murky and ambiguous stage. That's why, I think, we are having a hard time understanding this level of interaction. For Japan to contribute globally and culturally to the international community, Japan itself has to be internationalized. I would present my observation, which is different from the traditional image of Japan's internationalization, which was always meant to improve communications with the West in the past.

Kokusaika, the word for "internationalization," in Japanese, become very popular about ten years ago. Up until recently, *kokusaika* automatically meant to Japanese, the improved relationship with the West, the United States and Europe. But I would say that Japan's internationalization is happening but in a different way. It is connected with the Asianization of Japan, or the strong interaction between Japan and the Asian countries. In recent years Japan's Asianization has been taking place partly or mainly because of the presence of many, many foreign workers in Japan, and many of them are illegal foreign workers. The vast majority of them are Asians -- Chinese, Koreans, Filipinos, Thais, Malays, Indians, Pakistanis, Bangladesh, Iranians. All these Asian workers are in Japan. The official estimate is that there are about 100,000 of them, but realistically the number is about 300,000. They're working everywhere, as waitresses, construction workers, cooks, even as nurses, hospital attendants, clerks, engineers and so on.

The Japanese did not particularly like the increasing presence of Asians, but they were forced to think about other Asian countries because they have to live with Asians in their neighborhood. With the daily contact with those Asians, I think, Japan's one dimensional view about the world began to change. Japanese, particularly in big cities, cannot think anymore of "we Japanese" and "outsiders."

This has resulted in both positive and negative results, of course. The negative result is that many Japanese have a discriminatory attitude toward those Asian workers who are often in lowly paid manual labor; and there are all sorts of conflicts about housing, and the crime rate is high among Asian workers.

But a positive result has begun to appear, and one is the growing interest in Asian cultures in Japan. There's a boom in Japan of learning Korean or Chinese in foreign language programs. And there are more and more young Japanese who apply as volunteers for foreign aid work in Asian countries. There is also an increase of interracial marriages, which is the closest relationship in terms of interaction of different cultures.

The largest group of inter-racial marriage in Japan has always been between Korean residents and Japanese. But in recent years more and more Japanese are marrying other Asians who live in Japan. In fact, the fastest growing group of interracial marriage is between Japanese women and Bangladesh men. The officials are having a hard time catching up with the applications for marriages between Bangladesh men and Japanese women.

If you think of the implication of 300,000 illegal foreign workers, mostly Asians, plus several tens of thousands more, who are legal workers in Japan, of course there will be human relationships like marriage, or relationships as co-workers. The Japanese have been in a way, forced to learn that Japan does not exist alone, and that even if it's a tiring experience, one must learn to cope with people of different cultures. I would say that this relationship between Japanese and Asians is so close that it's like a love/hate relationship that needs to be analyzed. A study should be made of the psychological reaction between Asians and Japanese. Of course, that analysis includes the memory of World War II, Japanese soldiers' atrocities in Asia, but it is not only negative. There are many complicated feelings towards Japanese by other Asians and vice versa that I feel this has to be analyzed extensively. Otherwise it seems the Japanese will have difficulty coping with the tidal wave of Asians coming to Japan on the one hand, and Japanese businesses flowing into Asia on the other. And we will not know what to make of this relationship.

Japan's internationalization is perhaps going in two directions: one is the traditional one of a close relationship with the United States and the West; but then this new direction seems to be gravitating toward Asia. Japan in the modern period could not decide if she was an Asian nation or a western nation. Thus she has been unable to determine with which camp

to side, I think the same thing is happening now. Because both Asia and the West have such great expectations of Japan, due to its economic power, Japan feels like it's getting torn apart. So how to integrate those two different directions will be a big question.

A good friend from the Washington Post, who often goes to Asia, wrote an article six months or so ago about his conversations in Tokyo in which all Japanese government officials and business leaders constantly brought up the subject of Asia. They seemed to be less interested in talking about U.S./Japan relations. This American reporter warned his American readers that unless Americans are aware of this new trend in Japan they may be left behind again.

CLOSING REMARKS

Robert Scalapino

This is the joint Momoi/Scalapino statement. Speaking of Japan's global role, I think that there are many variables, but the two that are most important to me are, first, the question of Japan's domestic accommodations. The attitudes and policies will either drive toward greater identification internationally or toward exclusionism. Second is the external environment - namely, whether we can develop the kinds of institutions and decision making processes that will enable Japan or any other nation to play a constructive regional and global world. In our times no single nation, even one as important as Japan or the United States, is any longer going to be a regional or global hegemonist. It is going to have to fashion its policies in some sort of a meaningful context; and therefore these two factors are going to be crucial. In conclusion, I would simply say that great impersonal forces are driving all of the important nations toward internationalism and toward an enhanced role, and the problem, which varies with each country, is the rapidity with which psychological and institutional adjustments can be developed to meet the need. This is a particularly difficult problem for Japan, but in a certain sense it's also difficult for the United States. We've been used to unilateralism, Japan to exclusionism, to some degree. So the problems of adjustment for both of us are going to be rather considerable.

Kazutami Yamazaki

Let me say a couple of thoughts about internationalization because all the speakers touched upon the same aspects of internationalization, particularly internationalization of Japan. One thing I'm very sure about is that the internationalization of Japan does not mean speaking English. I do agree with Fumiko Halloran when she said that the new phases of internationalization of Japan should be focused on improving and expanding the relationship and mutual understanding with the Asian countries.

The Japanese have an expression: *Heike - kaigun - kokusaika.* The Heike was a powerful samurai force in the latter half of the 12th century. The Heike general was an internationalist in that

he wanted to trade with Korea and China. But in the war against the forces of Genji the Heike were defeated. *Kaigun* refers to the Japanese navy, which initially opposed war, especially against the United States. In the conflict of views with the more military army, the Kaigun lost to the army. *Kokusaika* means to "internationalize." the phrase *Heike-Kaigun-Kokusaika* thus suggests that those who are internationally oriented are likely to lose the fight against the more domestically, i.e. inwardly oriented opponents.

Japan needs to be internationalized, of course. At the source I think Americans also need to be internationalized. You should make a greater effort to understand foreign cultures and foreign people.

Ernest Hemingway once said that to truly understand a foreign country one must live in that country. I agree, and I urge young Americans to come and live in Japan for a few months or a few years.

Ambassador Tetsuya Endo

Japan's role should be considered in terms of the trilateral relationships of U.S.-Japan-Western Europe. These three areas produce about 2/3 of the world GNP. Within the trilateral relationship the U.S.-Europe relations are much stronger than the Japan-U.S. or Japan-Europe relations. The U.S.-Europe relations are much stronger because of historic, cultural, ethnic, and religious factors. In order to have a more equitable and stronger trilateral relationship Japan and her two other partners together must exert conscious and constant effort.

I did not mention Asia because of lack of time, not because Asia is in any way less important.

Glen Fukushima

I was very impressed by Professor Kato's and Professor Kasulis' presentations. Professor Kato focusing on the universality or similarities between Japan and the West and Professor Kasulis focusing more on the differences. There are some areas in which I think the values do really compete between Japan and the United States. I'm thinking particularly of a famous

article in the New York Times several years ago about an American woman journalist who covered a large reception in a major New York hotel for Japanese businessmen sponsored by American Bankers. This American woman journalist went to the reception and was surprised to find that there were no women or minorities present. She asked the American hosts why this was so. The American host said, "we know that Japanese businessman do not like to have women and minorities in business situations, and therefore we decided in deference to our Japanese guests not to invite them." This is somewhat of an extreme example, but it is still an illustration of the exclusivity that Professor Scalapino referred to which is really in conflict and competition with the openness and diversity which the U.S. adheres to. That's the first point I want to make. I do want to caution against pure relativism.

Secondly, I think there are -- with regard to Japan's global role - many opportunities and great potential for good as well as many challenges and problems. I would hope that the polltical leadership of Japan and the United States, in particular, thinking of the U.S./Japan relationship, that the political leadership will act and put their money where their mouth is when they talk about the importance of the U.S.-Japan bilateral relationship. More attention and energy should be given to manage this relationship.

I am also increasingly concerned about the trend of public perceptions about each other in Japan and in the U.S. I truly believe that the mass media, which we have not discussed so far, plays a role in this growing alienation, and it is my hope that both at the level of political leadership and of public opinion, particularly as influenced by the mass media, that we can explore and bring to fruition the potential and the opportunities rather than dwelling on the problems and differences.

Hidetoshi Kato

Almost once every month I have a chance to participate in international conferences, academic/cultural and so forth. If the conference is mixed with Asians and Westerns the latter tends to be more vocal. So we stick together, the Thais and Malays and Singaporean, Indonesian, Japanese, and Korean. As far as

U.S./Japan relations are concerned I think Japan's global role may be something like that of an interpreter, or moderator, between Asians and Westerners..

Thomas Kasulis

I don't think Japan can have a global role unless we, i.e., the first world, second or third world or the other Asian countries and so forth - allow it. You can have military influence as a global power regardless of what other people think of you. But if you're going to influence other countries culturally and socially, they have to respect you, and that, as I tried to show, is a two-way street.

I think for Japan to have that global role it's going to have to deal with certain internal inconsistencies and difficulties in the way in which it has structured itself, much as we've talked about throughout this conference.

But also we are going to have to change. We should start giving more credit to the Japanese when they do do things in a responsible global fashion. I'm sure if we polled Americans most of them would say the Japanese kept backing out on giving money for the Gulf War. Americans don't look at the bottom line which shows that Japan did give a large sum of money. That's just the way we report things. We remember one part of a situation and we won't even know the other part. I would much rather have Americans say, "Oh, there go the Japanese again. It'll take them six months to decide this, but in the end, they're going to end up giving the money and be responsible, so it's all right." That would be the kind of attitude I would want to see. Recognize the cultural differences but also recognize that in the end Japan did do something right. Instead, I think we get too caught up in our own single-dimensional profile.

SUMMARY

Reluctant Japan

People had barely settled in their seats in Keoni Auditorium when the symposium chairman, Siegfried Ramler, went to the heart of the matter. "Japan," he said from the podium, "can be silent and passive only at its peril."

For the rest of Friday afternoon and evening and through Saturday morning, the panel of Japanese and Americans wrestled with that issue of Japan's place in the sun with spirited help from the audience. The discussion ranged over politics and strategy, economics and technology, society and culture in an illuminating discourse that generated few disagreements.

In the end, however, neither Japanese nor American was able to produce a persuasive argument that Japan indeed would shed its cocoon of silence and passivity. Thomas Kasulis, the philosopher from Ohio State, said it perhaps best: "What Japan wants is respect. Japan wants respect more than power."

The Japanese on the panel spoke with surprising candor as they scored their nation for being unwilling or unable to go beyond rhetoric to assume a political responsibility that would be commensurate with its economic power. Japanese are often reserved in public, more so when abroad, and even more so when speaking English or another foreign tongue. Not during this conference: All of the Japanese panelists were forthright and, without diminishing the contributions of the Americans, articulated their views with precision and depth.

Makoto Momoi, who is among Japan's leading thinkers on foreign policy and security issues, lamented the lack of international experience on the part of Japan's political leaders. "Most Japanese politicians are ignorant of international affairs," he said.

Mr. Momoi noted that Japan is still inhibited by the memories of Japanese behavior during World War II. Even though it was 50 years after the Japanese surprise attack on Pearl Harbor and 45 years since the end of the war, he said, "it is difficult for us to overcome the feelings of Asians because of what Japan did during the war."

"Kokusai koken," meaning international contribution, has become a household phrase in Japan, Mr. Momoi said. Many Japanese, however, don't realize how difficult it is for Japan to

meet its international responsibilities, he said. "For the next few years," Mr. Momoi concluded, "politics will be inward looking and there will be only lip service to kokusai koken."

A prominent economic commentator, Kazutami Yamazaki, asserted that the time has come for Japan to transform its economic power into a new role in the new world order. Japan should be more active, he said, and particularly should take the lead in preserving a free trade system, including opening its own market wider.

The post-Cold War World is being shaped by economics, Mr. Yamazaki contented. "The enemy is instability and uncertainty," he said. "We can make the world safer and more secure by economics." In this world, Japan should reciprocate for the benefits it has received. Japan's economic miracle would not have happened if Japan had not been helped by the rest of the world, he said.

Like Mr. Momoi, however, Mr. Yamazaki was not optimistic. He said the fundamental question was: "What does Japan stand for?" Because Japanese had not been able to answer that question, he said, Japan had not been able to show leadership to the world. "The image can easily overcome the reality." he said, "but if we want to change the image, we must deal with reality first."

A questioner from the floor asked whether Japan could not make a unique contribution based on its unique culture and its economic prowess. Mr. Yamazaki disagreed: "I don't have any idea that Japan is unique," he said, "and that's the reason Japan must overhaul herself first."

Japan's former Director-General for Scientific and Technological Affairs in the Foreign Ministry, Tetsuya Endo, echoed Mr. Yamazaki, pointing to the "overwhelming power of Japanese technology, especially manufacturing technology."

Mr. Endo, welcomed back to Honolulu where he had once been consul general, noted that Japan has about 300 researchers working at the National Institutes of Health, just outside of Washington, D.C.. Altogether, he said, Japan has about 20,000 researchers a year working and studying in the United States.

At the same time, only a few Americans each year do research in Japan. The reasons were implicit in Ambassador Endo's remarks: Americans don't read or speak Japanese well

enough to conduct such research and Japanese, anxious to keep their technology to themselves, do little to encourage foreign researchers to come to Japan. Japan he concluded, should redress this big imbalance.

On the cultural side, Hidetoshi Kato used color slides effectively to show how Japanese art influenced Western artists from the 17th through the 19th centuries. Mr. Kato flashed onto the screen an image of a European picture and then one from Japan to show how one had been influenced by the other. The ukioye wood block prints of Hiroshige and Hokusai, for instance, had visibly affected European impressionists.

Today, however, Japanese culture is invisible to the world, Mr. Kato asserted. Japanese are ambivalent about trying to export their culture, he said, because they fear being charged with "cultural imperialism."

He clearly thought that was not right because "culture is something to be shared, not to be traded." Even so, Japan was reluctant to put itself forward in the cultural sphere because, he concluded, "ideological ambivalence is part of Japan today."

The last Japanese speaker, Fumiko Mori Halloran, a Japanese citizen who is married to an American (this reporter), writes mostly about America for Japanese audiences. She agreed with Mr. Kato in saying that Japan does not have a cultural policy. She asserted, however, that Japan does have cultural activity and that Japan's cultural influence is rising because it is carried along by Japanese economic power.

Mrs. Halloran said that Japanese culture was carried abroad by "mono, kane, hito," or things, money, and people. The things are products of Japan's industry and technical sophistication. The money, while not visible, still affects the economies of the world.

The people, she contended, are the most sophisticated, the most complicated, and the most ambiguous. "That's why we are having a hard time understanding this interaction,:" she said.

She also noted that Japan was being "Asianized" by the influx of people from all over Asia looking for work in prosperous Japan. She concluded that Japan's one-dimensional view of the world was beginning to change because of that inflow.

The Americans on the panel were perhaps a bit more re-

strained than the Japanese, perhaps out of deference to their Japanese colleagues. Nonetheless, they echoed much of what the Japanese said and the message, in sum, was the same.

Robert A. Scalapino, who is among America's foremost scholars on Japan and Asia, reflected the ambivalence of Japan. After years of indecision, Professor Scalapino said, 1991 was the year in which Japanese "quickened the pace" in seeking a voice in foreign policy.

The Japanese were hindered, however, by fundamental divisions between the ruling and opposition parties, by "the antiquated antics of politicians," and by declining to take bold measures, Professor Scalapino said.

On Japan relations with the United States, he said: "While this will be a troubled marriage, there cannot be a divorce." Each needs the other too much, he indicated.

Colonel William Wise, a senior policy analyst for the United States Pacific Command that has its headquarters in Honolulu, contended that there is a "profound ambivalence in Southeast Asia over Japan's place. Many Southeast Asians want Japan to play a strong role politically and economically at the same time they fear a resurgence of Japanese militarism.

Another respected economic commentator with much experience in Japan, Urban Lehner, had a succinct suggestion for Japan's global role. The Japanese, he said, "could teach the world how to make things."

James Kelly, who brought to the conference a long record of experience in Washington in dealing with Japan, was equally succinct in suggesting another contribution, which was to get effective Japanese bureaucrats into key jobs in international organizations. "You've got to get good people out in those places," Mr. Kelly said.

A word of caution, however, came from Glen Fukushima, an American of Japanese descent who has dealt with Japanese for many years as a government official and business executive. "The Japanese are very good students," he said, "but are very bad teachers." They are good at collecting information and doing research "but they are not good at sharing it with others."

Admiral Ronald Hays, a retired naval officer who once commanded all American forces west of Hawaii, said the United States relationship with Japan was held together by economics,

politics, and security or military ties. Political relations are difficult but good, he said, while security relations are as good as economic relations are bad. "But two out of three is not good enough," he contended.

The last American speaker, Thomas Kasulis, returned to a theme that had bubbled up throughout the symposium. Pointing to the lack of leadership in Japan, he said, "they are not sure about what to do."

Even so, Dr. Kasulis ended on an upbeat note, of Japan being a model of hope for the Third World. The developing nations, he said, "see Japan keeping its culture while knocking the socks off of the other people in GNP."

PRESENTERS

Tetsuya Endo is Ambassador Extraordinary and Plenipotentiary to the International Organizations in Vienna, Permanent Mission of Japan, Vienna. He was previously Director-General for Scientific and Technological Affairs in the Ministry of Foreign Affairs and served as Consul-General in Honolulu.

Glen Fukushima is Director of Public Policy and Business Development at AT&T Japan. Prior to this position he was Deputy Assistant U.S. Trade Representative for Japan and China and Director of Japanese Affairs at the Office of the U.S. Trade Representative, Executive Office of the President.

Thomas Kasulis is Professor of Comparative Studies in the Humanities at Ohio State University. Mainly he teaches courses on Japan and on comparative philosophy and religion. Author of *Zen Action/Zen Person* and dozens of articles in a variety of scholarly journals and books, he is currently writing a book on the development of Japanese values from the eighth through the twentieth centuries.

Hidetoshi Kato is Director of the National Institute of Multi-Media Education, Chiba, Japan. He has taught sociology at Gakushuin University and University of the Air and was Research Associate, Institute for Humanistic Studies, Kyoto University.

Makoto Momoi is a Research Fellow at the Yomiuri Research Institute. He has taught at the National Defense College as well as the Tokyo College for Foreign Affairs.

Robert Scalapino is Robson Research Professor of Government Emeritus, Institute of East Asian Studies at the University of California, Berkeley, and past Director, Institute of East Asian Studies.

Kazutami Yamazaki is Senior Staff Writer of Nihon Keizai Shimbun. He also served as its Washington Correspondent and headed many reporting teams covering key government ministries. He was a Nieman Fellow at Harvard University in 1989-1990.

RESPONDENTS

Fumiko Mori Halloran is a writer with degrees from Kyoto University and Columbia University. She has been a political analyst with the Japan Economic Institute and has held positions with the Japan Center for International Exchange and the East-Asian Institute, Columbia University.

Admiral Ronald Hays is President and Chief Executive Officer of the Pacific International Center for High Technology Research and has previously served as Commander in Chief, Pacific Forces, Honolulu.

James Kelly has served as Special Assistant for National Security Affairs to former President Ronald Reagan and as Senior Director for Asian Affairs, National Security Council. Presently he is chairman of the Honolulu Committee on Foreign Relations.

Colonel William Wise is Chief, Asia, Pacific and Indian Ocean Policy Division, Strategic Planning and Policy Directorate, Headquarters U.S. Commander in Chief, Pacific. Previously he served as Deputy Director, East Asia and Pacific Region, Office of the Secretary of Defense.

Siegfried Ramler, Symposium Chairman, is a past president of the Japan-America Society of Hawaii and its present program chairman. He is director of the Wo International Center at Punahou School.

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